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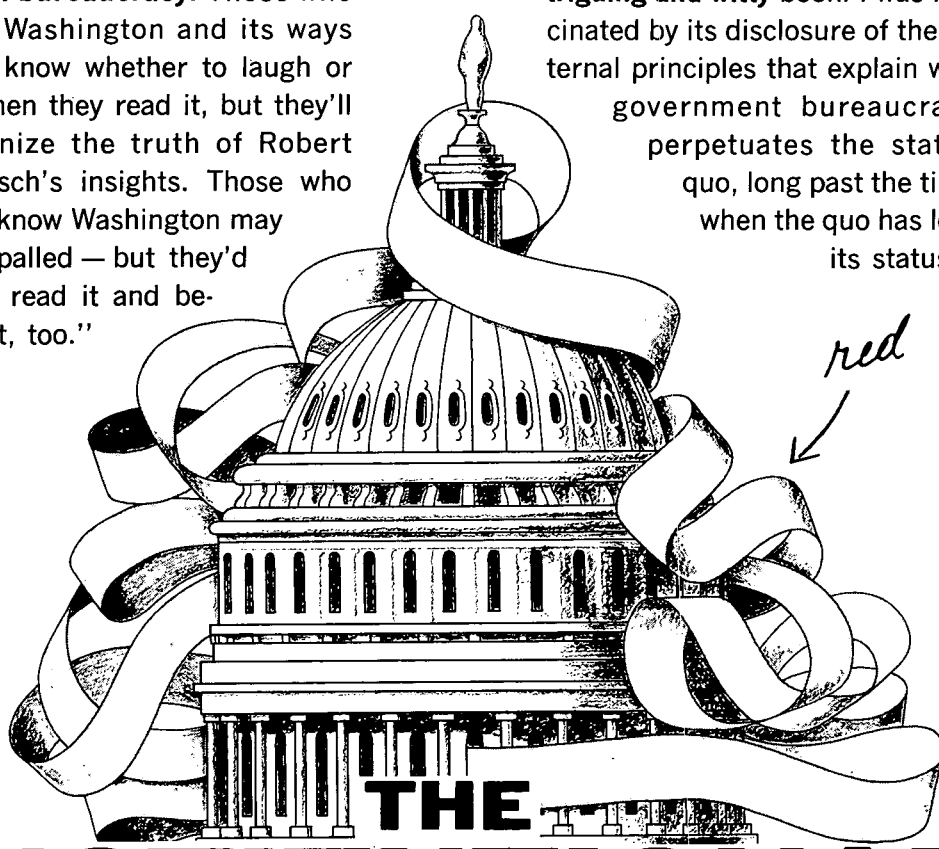

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Published monthly except combined July-August issue by The Washington Monthly Co.,
1028 Connecticut Ave., N.W. Washington, D.C. 20036

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Subscription rates: U. S. and possessions—$12.95, one year; $20, two years; $28, three years. Foreign, including Canada, $1.50 per year additional surface; air mail rates available on request. Back issues, $1.50.

Unsolicited manuscripts must be accompanied by a stamped, self-addressed envelope.

Send all remittances and correspondence concerning subscriptions, undelivered copies, and change of address to 1028 Connecticut Ave., N.W., Washington, D.C. 20036

Printed by The William Byrd Press, Inc., Richmond, Va.
Second class postage paid at Washington, D.C. and additional offices.

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Letters

The CIA

James Fallows' article "Putting the Wisdom Back into Intelligence" (June, 1973) purports to explain the need for changing the outlook of the Central Intelligence Agency.

In reality, however, he presents some of the best evidence for the total elimination of the CIA as part of the American foreign policy institution. By his own admission, the so-called intelligence that has been gathered by the CIA in Russia, China and the rest of the world has rarely been that much more reliable than the information collected by experienced—and controllable—foreign service officers who have personal knowledge of the nature of another country.

On the other hand, the Central Intelligence Agency has probably been the one factor which has perpetuated the image of the "ugly American" abroad. While we obviously know very little of the total scope of CIA activities (and Congress probably knows even less than the average citizen), no amount of "good news" could suffice to cover up the misdirected and bungled attempts to manage other people's governments.

There is, as Mr. Fallows notes, a need to apply entirely new theories and ideas in our foreign policy. But those new ideas—hopefully leading to a more rational and less interventionist approach—cannot be obtained through a mere transfusion. What is clearly needed is radical surgery to remove the CIA from the very ailing government.

MARK BARBASH
Washington, D. C.

"Putting the Wisdom Back Into Intelligence" pinpoints many of the ills of the U. S. intelligence system. What is needed at this stage is a complete costs-benefits audit of past secret intelligence operations by a "Hoover Commission" type task force, comprising representatives from Executive-Congress-Private Sector. My guess is that such a group would recommend abolishing the CIA's "Department of Dirty Tricks" and the creation of a Joint Congressional Committee on Foreign Intelligence Activities.

HARRY HOWE RANSOM
Nashville, Tenn.

Harry Howe Ransom teaches political science at Vanderbilt University and is author of The Intelligence Establishment.

Waiting for Disarmament

C. Robert Zelnick's article, "Waiting for Disarmament," [May, 1973] was a lively, provocative contribution to current discus-

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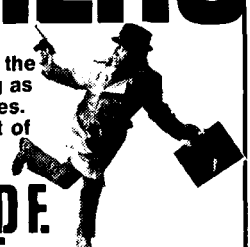

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sion of this country's costly defense needs.

Informed and forthright debate is absolutely essential if defense dollars are to be spent wisely and without waste—which has by no means always been the case in the past.

The federal budget as a whole is supposed this year to be anti-inflationary and "austere." Yet, the defense part of the budget shows a considerable, six per cent increase over last year, despite the end of U. S. participation in the Vietnam war, and despite last year's agreements between ourselves and the Russians to accept ceilings on the numbers of missiles on each side.

At the same time as this unexpected rise in arms spending, the federal budget calls for a steep, 40 per cent cutback in the normal year-to-year increases in civilian programs.

Such disparity in the treatment of military and civilian programs merits scrutiny. However, as Zelnick says, this need not take the form of trying to estimate which civilian programs could be sustained, or increased, by diverting money from defense.

The more practical approach, to which no military man can honestly object, is to determine what is really essential to, and what is frankly not required at this time for, the national defense. With this for guidance, every effort should be made to avoid spending on unneeded arms.

It was in this spirit that Zelnick sought in his article to isolate what in the defense budget is "clearly waste." It seems to me he succeeded to a large degree.

At his confirmation hearing, Secretary of Defense designate, James R. Schlesinger, stated that the Pentagon ought to provide more information on the life cycle cost of a weapon system. If Dr. Schlesinger can induce the Pentagon to divulge the full cost of a weapon system throughout its lifetime prior to the time that the Congress is required to make its initial decision on the procurement of the weapon system, many weapon systems will not be built. The secret in bringing under control vast expenditures for weapon systems which are not needed is to ascertain the total cost before the system is built. While it is sometimes important to point out the cost overruns, the waste, the inefficient methods used in procurement, etc., this is usually water over the dam. It is too late to do anything about that weapon system.

The requirement for annual appropriations for weapon systems and other items tends to deny to the Congress and the public the essential information needed. The Pentagon, using the camel nose under the tent technique, gets a little money one year and a little more the next year, and before you know it the weapon system has been bought at a far higher cost than anyone realized at the outset. The fourth new nuclear attack carrier, which the Navy has requested this year, is a classic example.

Last year, the Pentagon requested and received $299 million from the Congress to start construction of a nuclear power plant for the aircraft carrier. This year, the Pentagon is requesting $657 million for the aircraft carrier itself. No mention is made of the additional cost involved in operating this aircraft carrier for its normal life of 30 years. The Center for Defense Information recently made an analysis of these costs and found the carrier will cost over $8 billion. These costs will be as follows:

CVN-70

Construction	$1.0 billion
Aircraft for 30 years (new suit every 5 years)	5.0 billion
Crew of 5,000 for 30 years ($14,000 per crew member per year)	2.1 billion
Overhauls (one every 5 years at $100 million per year)	0.5 billion
Thirty-year cost	$8.6 billion

This $8.6 billion cost does not include the cost of the escorts and their operating expenses over the 30 years. It does not include costs for jet fuels for operating the aircraft during the lifetime of the carrier. If the 30-year costs of the escorts were included, the cost for the aircraft carrier, its aircraft and escorts would be about $10 billion.

In the last four years, the Navy has reduced total carrier force from 24 down to 16. The Navy plans to further reduce its carrier force to 12 attack carriers in 1980. This would include four nuclear attack carriers and eight conventionally-powered carriers. There is good reason, however, to plan for a force of only 11 attack carriers, six could be maintained in the Atlantic, the same number as now. Five carriers could be assigned to the Pacific, including three nuclear carriers.

When the fat is sliced away, what is really necessary for defense emerges in hard and clear outline.

GENE La ROCQUE
Washington, D. C.

Gene La Rocque, Rear Admiral, USN(Ret.) is director of the Center for Defense Information.

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Why the White House Press Didn't Get the Watergate Story

by Charles Peters

One of the great remaining mysteries of the Watergate affair is why the White House press corps failed to get the story. From the time of the break-in, the investigatory momentum was not with the White House correspondents, even those of *The Washington Post*, but with two of the *Post*'s metropolitan reporters, Bob Woodward and Carl Bernstein. As the story developed last year, the big names from CBS, NBC, *The New York Times*, *Newsweek*, *Time*, etc. were reduced to reporting the *Post*'s accusations and Ron Ziegler's denials.

The failure would be easier to understand were the White House not the most intensively reported institution in the world. The Watergate plans were conceived, carried out, and covered up in White House offices only yards away from the press lobby where at least a score of correspondents wait each day. The number of reporters triples for major presidential trips and soars into the hundreds for press conferences. Why didn't they give us any idea of what was going on in the offices of H. R. Haldeman and John Ehrlichman?

The word "prisoner" may soon replace "conspirator" in describing former members of the presidential staff. It is already an accurate description of some members of the White House press corps, for the constraints they work under make them captives not only of Richard Nixon, but of whoever holds the office.

Charles Peters is editor of The Washington Monthly.

"Your time is taken up by the large, regular flow of presidential news announcements, the campaign, summit meetings," says Robert Donovan, who became Washington bureau chief for the *Los Angeles Times* after serving as White House correspondent for the *New York Herald Tribune*. "There's almost always something going on that deprives one of the time to dig underneath." Donovan's predecessor at the *Herald Tribune*, David Wise, remembers that his editors put pressure on him to do those regular stories better than the AP, instead of looking for the story AP was missing.

As this spring's Iceland summit meeting between Nixon and President Pompidou retreats into the past, a reasonable man can conclude that nothing happened there that couldn't easily have been covered in dispatches from the Reykjavik wire bureaus or from Paris and Washington a few days after the meeting. But because the President was traveling, an entire press entourage accompanied him. The energy devoted to local-color stories about Iceland and TV shots of diplomats entering buildings might have been enough to break the whole Watergate case if it had been directed at the White House.

Since presidential election campaigns amount to a long series of Iceland summits, reporters are left exhausted and stupefied by the interminable string of staged events. When asked to explain their attentiveness to these ceremonial functions, reporters

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often mention the "assassination mentality"—the fear that, if the President were killed, their paper might have to pick up the story from the wire services.

The assassination mentality is evident in the importance accorded the press secretary's daily briefings. Reporters religiously attend the sessions because no one wants to miss the meeting at which Ziegler produces some big news. The correspondents are like a herd of seals waiting for the fish that are reliably tossed their way instead of looking elsewhere for sustenance. Russell Baker, who once covered the White House for *The New York Times*, says, "I was always fed enough information by [Eisenhower's press secretary] Jim Hagerty to take care of page one. I wasn't encouraged by my paper to get anything else." Such behavior allows the White House virtually to choose the main story for the next day's front pages by setting off for Iceland, importing Leonid Brezhnev, or announcing major appointments on the day that a scandal is breaking. As Bill Moyers, press secretary to Lyndon Johnson put it, "The White House press corps is more stenographic than entrepreneurial in its approach to news gathering. Too many of them are sheep. Sheep with short attention spans. They move on to tomorrow's story without pausing to investigate yesterday's."

Moyers also notes that it is not so much that the press is kept too busy, but that they're kept waiting all day in one room. "They sit and sit and shift a leg and sit some more." It all seems to be very much like the "hurry up and wait" of the Army and jury duty.

"It saps initiative," says Moyers. This suggests that the reason Nixon and Ziegler covered the White House swimming pool was to provide more room for more reporters to sit around while their initiative was being sapped.

Clifton Daniel, who used to cover London for *The New York Times*, says there was no press room at 10 Downing Street. "We used to get a once-a-week briefing from the Prime Minister's press secretary. The rest of the time I was free to dig where I thought best."

Prisoner of the Source

Rare is the reporter who has not at some time or other felt himself bound by his news sources. The most difficult story to write is not the one that angers editors or officials but the one that dries up sources.

In 1971, *Newsday*, the Long Island newspaper, ran a series of exposés on the financial affairs of Bebe Rebozo, concluding with the editorial comment, "Let's face it, the deals made by Bebe Rebozo and the Smathers gang have tainted the presidency." Ron Ziegler would not speak to *Newsday*'s White House correspondent, Morton Schram, for three months afterwards and excluded Schram from the China trip. This was also enough to put *Newsday* on the White House "enemies" list; IRS agents audited the editor's tax records and those of the paper.

Bill Moyers recalls that Lyndon Johnson once forbade him to give any White House exclusives to the *St. Louis Post-Dispatch*'s James Deakin, simply because Johnson thought Deakin's questions at press briefings were too tough.

At a presidential press conference in 1969, Stuart Loory, the *Los Angeles Times*' White House correspondent, asked one of those questions that explains why there aren't more Jim Deakins. In response to the President's statement that he favored neither instant segregation nor instant integration, Loory asked whether the years 1954 through 1968 could be termed "instant." The result was that Loory began losing his access to the news. He was dumped from the Air Force One press pool. On one Nixon trip to California, when the President invited several reporters to interview him while walking on the beach, Loory was left out even though his was the home paper and would have

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devoted much more space to the event. And *Los Angeles Times* reporters were not invited to Administration background briefings held to discuss the next year's State of the Union message.

A journalist will hesitate to write tough criticism of Henry Kissinger because in the future Kissinger might give him that extra bit of information on our policy toward Cambodia. Peter Lisagor, White House correspondent for *The Chicago Daily News*, calls this a "psychological undertow that can obscure and minimize things that the public generally ought to be hearing about."

Even the President's press secretary can become a protected source. According to Bill Moyers, the White House reporters are reluctant to criticize the press secretary "because they are dependent on his benificence for whom they see and where they travel—even for favors like getting their publishers a private luncheon invitation from the President. Some publishers cared more about that than any exclusive their White House correspondent could get."

The judgment of how long to coddle a source can place a reporter midway between a grand jury and God, as he calculates whether avoiding Kissinger's anger is more important than revealing what he has learned about the Vietnam "peace" deal. If the reporter writes the story, his sources will dry up and the public will be denied any further information. The question is, when does the reporter decide that the information he has is so important that he must jeopardize information he hopes to get in the future. "We will give immunity to a very good source as long as the information he offers us is better than what we've got on him," columnist Jack Anderson has said.

Prisoner of Objectivity

Shortly after the 1972 election, a Washington journalist—a veteran correspondent we knew to be totally

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reliable—walked into the office of this magazine with a tip. He said a trusted source, who refused to be identified, had told him the Watergate burglars had been involved in two other incidents: a break-in at the Chilean embassy and an attempted physical assault on Daniel Ellsberg as he spoke on the Capitol steps. His source also said that the Cuban mercenaries had been given the impression that they were carrying out these assignments for high authorities in the government.

If these incidents sound commonplace today, it is only a sign of how much things have changed in nine months, for at the time they sounded fantastic. Although we trusted our source and accepted his trust of the people who told him, we did not publish the story. We went ahead with another Watergate story, "Why the Congress Didn't Investigate Before the Election" (April, 1973), for which we did have identifiable sources. In making these judgments, we were following the traditional standards of journalistic objectivity and fairness. It was for seeming to ignore these standards in the handling of the Watergate case that the *Post* was criticized, even by its own staffers. Throughout the fall of 1972, its stories made serious accusations and then attributed them only to unnamed sources. Although it is easily forgotten, now that the *Post* has been proven right, the White House was not alone in labeling the paper's coverage unfair, biased, irresponsible.

Behind these criticisms is a peculiar distortion of the notion of "responsibility." For many reporters the goal in preparing a story is finding someone they can quote, someone who will say that the President has been deceptive or that a policy is not working. When White House statements represent a total contradiction of what has gone before, reporters often hesitate to say so, preferring instead to quote Senator Muskie.

This is the very opposite of real responsibility. The *Post* was far more responsible in ascertaining the truth for itself, and then putting its own name behind the charges, than were the papers who waited until they could say "John Dean alleges" and "Ron Ziegler denies." Responsibility is a different concept than objectivity and fairness, which the press should also maintain. But none of these standards should require a reporter to withhold what he knows to be true merely because he cannot find anyone to say it for attribution. How would the press have reported the Emperor's new clothes?

Throughout the Watergate affair, but especially in the fall of 1972, the *Post* took responsibility for printing facts even when it could not name sources. We believe we should have done the same thing with our pieces of this immensely important story. They were small, but they could have fit with other pieces of the larger puzzle, particularly if other papers and magazines were publishing all they *knew*—knew without a doubt—regardless of whether they could name the source. In doing so, of course, the press has an obligation to give their readers enough detail to provide them with a basis for deciding on their own if the story "smells" right, just as you ordinarily want to give them the name of your source so they can make their own judgment of his reliability. But why can't reporters and papers establish their own reputation for reliability? I would trust David Broder as much as any source he could name. In fact, if he says he stands behind a story, I'm more likely to believe it is true than if he simply quotes a source for the story and says the source "alleges" it is true.

Another ball and chain for the prisoners of objectivity is their reluctance to draw obvious inferences and to supply known background facts that will make the significance of a story clear.

By the end of October, the press knew that:

1. The President's personal lawyer, Herbert Kalmbach, was involved to a

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considerable extent in improper campaign behavior. Anyone with a knowledge of law would understand that the last thing a lawyer—especially a lawyer representing a public official in the middle of a campaign—would do is make a potentially embarrassing move unless he knew his client would approve. The average reader should have had the chance to consider this inference, but the reporters didn't supply the necessary background.

2. Dwight Chapin, the President's appointments secretary, had clearly been connected with campaign saboteur Donald Segretti. Chapin was Haldeman's protege in the White House, and insiders knew he wouldn't turn around without orders from Haldeman. If Chapin's relationship with Haldeman had been reported to the public, the people would have had some idea how high the scandal went. But to our knowledge, only a gossip-type story in the Style section of the *Post* pointed out this key fact before the election.

3. A federal court had found that Haldeman, Nixon, and friends had engaged in similar dirty campaign practices in California in 1962. Although the *Post*'s Sanford Ungar reported this before the election, it was pushed aside in the *Post* by "Peace is at Hand" and was buried in the other papers (*The New York Times* ran it far inside). From then until June of this year, this crucial information seems to have appeared only a few places, including a series by *The St. Louis Post-Dispatch*'s James Deakin, a story by Adam Clymer in *The Baltimore Sun*, a *New York Times Sunday Magazine* piece by R. W. Apple, and a May 20 story in *The Boston Globe*.

The point is not that the press should have launched smear campaigns, especially right before the election when false charges would be hard to refute. For the kind of "responsible" journalism we have described, meticulous fidelity to fact is even more important than when merely quoting. David Wise recalls that, shortly before the 1960 election, he got a tip about the Howard Hughes loan to Nixon's brother; he wasn't able to use the story because he could not confirm its accuracy in time. Wise's hesitation was justified, but it was in a different category from judgments such as the one Walter Rugaber provided in a November 1 Watergate wrap-up for *The New York Times*: "There has been no public indication that either the President or any of his close advisors played roles in or had advance knowledge of an illegal assault upon the opposition party."

Another element in the journalists' Watergate failure is the trepidation which the presidency creates even in veteran reporters. "They get goose pimples when they hear 'Hail to the Chief,'" says Douglas Kiker of NBC. "They tend to believe a man with a big title and a big car. They very much want to believe the President of their country," which implies that they don't want to call him a liar.

James Reston cites two other reasons to explain why the press failed on Watergate:

1. The reporters paid too little attention to the tremendous growth of the presidential-national security power in the post-World War II era. "The atom bomb, the ICBM, and nation-wide network TV combined to make the presidential power enormous. . . . If the Republic could be destroyed before you could get Congress through the downtown traffic to Capitol Hill, obviously you had to give the President tremendous power over life and death." The more power, the greater the need for skepticism, and this is where the press failed.

The Nixon Administration brought a new strain of paranoia to the national-security mentality, according to Reston, "Because of their assumption that the press was hostile, I think there was a conspiracy of silence quite carefully calculated by this administration from the beginning. Whatever they did they were to keep the press out. This administration has not been as open with its friends as previous administrations were with their ene-

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mies. Remember that Haldeman and Ehrlichman were there with Nixon that grotesque night in November, 1962, when he revealed his hatred of the press after losing the California governorship."

2. Some reporters found that their trusted sources lacked the courage to speak out on Watergate. This happened to Reston, whose knowledge of what the CIA was up to had included before-the-event awareness of the U-2 incident and the Bay of Pigs. I asked him why he thought his sources failed him on the White House attempt to use the CIA to cover up Watergate. His reply was that fewer and fewer government officials facing the possibility of losing office agree with Joseph Kennedy's "Home holds no terrors for me." In other words, the seductions of office keep them from resigning and letting the public know what is going on. Reston described a lunch he had with former CIA director Richard Helms in January, where he asked if Helms had been bounced from the CIA and if so, why. "Helms was obviously angry at the White House clique, but not one thing did he say about the Watergate connection. He took the easy way out, a job overseas (ambassador to Iran), and didn't seem to feel he had any obligation to disclose."

Hoping It Goes Away

While anyone who had ever observed a pack of reporters in a press lounge questioning each other to make sure no one had a special angle might think that their professional camaraderie dominated their interpaper jealousy, petty rivalry among the newspapers also influenced the Watergate coverage. Conformity did, of course, play a role: "Because you all gather together in one place, because you all focus on one man, because all of you travel together, there is a herd instinct to report the same things the other guys are reporting," says R. W. Apple.

But rivalry among papers takes over when the herd instinct leaves off. It has been described by Russell Baker as "the tendency to piss all over the other guy's story, to hope that the story will go away because it makes you look bad for missing it."

Apple notes, "There is a tendency, if you can't confirm it independently, not to run a story that begins, '*The Washington Post* said today. . . .' My impression is that there is an effort to hold that sort of thing to a minimum. . . . I think a case can be made that the *Times* did not devote the resources it should have to Watergate until the second month of this year."

One factor may have been the leadership transition in the Washington Bureau from Max Frankel to Clifton Daniel. The change took effect on January 1, 1973, but was announced several months before. While Frankel is a first-rate journalist, such announcements almost always detract from or undermine the motivation and authority of the man to be replaced and may have accounted for the *Times*' failure during this crucial period.

What Can Be Done

Remedying the press' defects is important not simply in terms of preventing another Watergate. As Apple observes, "Watergate is but one example of the kind of story that's missed by the White House press corps."

The *Post* and the *Times* now cover the White House with two-man teams. One is supposed to watch the trees, the other the forest. But both Clifton Daniel of the *Times* and Benjamin Bradlee, managing editor of the *Post*, say that these efforts need to be supplemented.

Everyone agrees there is a need for more investigative reporters. But most think it would be futile to assign them to the White House. Hugh Sidey of *Time* can't imagine a Seymour Hersh being welcomed by Ron Ziegler. Mel Elfin of *Newsweek* says the lesson of Watergate to him has been to beef up

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Newsweek's coverage of the Department of Justice, particularly the FBI, where *Time*'s Sandy Smith had been beating *Newsweek*—and of the lobbyist-trade association-superlawyers group where so much of the town's hanky-panky originates.

Certainly many of the best reporters are convinced that you can't find out the truth about the White House from the President's staff. Bob Donovan says, "The White House staff is a perfect source for letting you know how great the Administration is. I got most of my good White House stories from the Hill. The congressional staffs are full of bright people, each of whom has a piece of what's going on and is freer to talk about it than the White House staff."

James Reston says, "I worked in this town for 20 years as a scoop artist. The way you did it was to work the periphery. If you knew the President was going to bring out a tax bill, you knew there would be consultation with Wilbur Mills and other leaders to see if the Congress would go along. Again, in foreign policy, you knew Acheson would try out ideas with the British and French ambassadors, so you would call up Wilbur Mills and the ambassadors. I knew Acheson went to drink whiskey with Senator Arthur Vandenberg every night so I went to see Vandenberg in the morning."

"It is in the narrow space between the formulation of policy and the announcement of policy that scoops are to be mined," says Reston.

Russell Baker translates this into: "When I was covering the State Department, I always looked for the sorehead, the guy who was coming out of the meeting defeated and angry and ready to talk. . . . I didn't look for soreheads at the White House because I assumed there weren't any. They were all on the team."

But there are always soreheads in the White House and the press should look for them. Doug Kiker recalls the Marvin Watson-Bill Moyers rivalry under Lyndon Johnson, which meant that you could get almost anything out of one if you mentioned some threat from the other. Only in April, 1973, did Christopher Lydon of the *Times* begin uncovering the various cliques in the Nixon White House that had existed from the beginning and which could have been used to find out the truth about Watergate.

R. W. Apple says, "The press doesn't demand to see the White House staff members often enough. I think there's a certain accountability they should fulfill. We have to demand that they be open to questioning. After all, they work for the country."

This doesn't mean there has to be some legal requirement that government employees see the press. It does mean that civil servants should accept some reasonable availability to the press as part of their responsibility to the public they are supposed to be serving. Of course, Henry Kissinger shouldn't have to give every interview requested—if he did, he wouldn't have time for anything else. But there is no excuse for the H. R. Haldemans who refuse to be interviewed at all.

One small example from *The Washington Monthly*'s experience illustrates this point. We have been trying to do a story on the enlisted men who are assigned as servants to military officers. The Army says that the officers have the right to refuse to talk to us—and that all of them have refused. So, we have no story. But the officers are public employees, and the public has a right to know what they are doing.

Look for the Shredder-Man

Another version of "looking for the sorehead" is "going down the line." Sy Hersh says, "The little guy who runs the Xerox machine may only be able to give you an extra copy, but that may be all you need." And the guy who runs the Xerox machine is not an intimate friend of the President, will not lose a $42,000-a-year job if he talks to you,

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and just might put the interests of the country above the interest of the current incumbent in the White House.

Hugh Sloan, while not a Xerox operator, was a guy down the line who was known to have resigned because of Watergate. We now know he was deeply disturbed, disturbed enough to take his concerns to Stans, Chapin, and Ehrlichman in July, 1972. Who was the reporter who called him up in July? Who found out that Magruder advised Sloan to commit perjury?

Bill Moyers says that when he was press secretary, the reporters he most feared were those who followed the agency head out the White House door and back to his office where he would immediately tell his assistant what had happened at the White House. As the assistant told *his* assistant and so on, the story would soon reach someone of sufficiently modest loyalty to the Administration that the reporter could get him to talk. Moyers also feared the correspondent who went down the line at the White House to talk to unknown middle- or lower-level assistants who were doing important work but who had every reason to believe that the public, not to mention their friends back home, didn't know it. The temptation to reveal the inside knowledge that proved their importance was often overwhelming.

One of the most important things the reporters could have done to prevent Watergate was to have alerted the public about their inability to report the presidency. Mel Elfin, Washington Bureau Chief of *Newsweek*, told us he had never been able to get an interview with H. R. Haldeman. But he never told *Newsweek* readers. James Reston has not been able to interview Nixon, Haldeman, or Ehrlichman since 1968, but he had never reported this fact in his column. R. W. Apple one day in March called 17 different White House officials without getting an answer. But he, too, has not reported these rebuffs.

Reston says, "Turner Catledge [former managing editor of the *Times*] had a strong feeling that we should not seem to be whining and complaining about lack of access. It was our job to get the news no matter what barriers they put in the way." Apple adds, "It seems awfully self-pitying and self-serving to write about how mean those fellows are because they won't return your phone calls."

In addition, one suspects that while it may not have been true of men so secure in their jobs as Elfin, Apple, and Reston, many reporters were afraid to admit their lack of access because it might reflect on their competence to do the job.

Another way newspapers could have made their readers aware of how the story was being hidden is suggested by James Deakin: "I'm convinced that if the press had regularly printed the transcripts of Ziegler's press briefings from last June on, the public would have become aware much earlier of the pattern of evasion and deception. But only one or two papers printed even one of these transcripts." This would also protect the public from those reporters who heard the contents of the transcript first-hand but failed to report the legitimate inferences.

Thou Shalt Not Lie

Congressman Paul N. McCloskey has proposed that it be made a crime for a government employee to willfully lie to a committee of Congress. Because of the failure of past attempts to legislate openness in government—witness the marvelous skill of the federal bureaucracy in evading requests for documents under the Freedom of Information Act—little attention has been paid to McCloskey's proposal. We think it should be revived and expanded to forbid officials to lie to reporters—or to any other citizens. It has become justifiable and the accepted thing for public officials to lie. This does not mean that they always have to be forthcoming. There

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may be some things they can't or won't talk about. In such cases, as Clifton Daniel notes of his father-in-law, Harry Truman, they can say, "It's none of your damn business." But they don't have to lie. The government can fine or imprison the taxpayer who lies. It seems only fair that the taxpayer have some remedy against the government official who lies.

Finally, the press has to deny the President deniability. Its reports of what his subordinates are doing must be searching—not simply to inform the public as we have already argued, but to make sure the President cannot plead ignorance of their behavior and thereby escape responsibility for it.

General Abrams was praised by congressional committees and his promotion approved because he said he didn't know that General Lavelle was bombing the hell out of North Vietnam. It seems to be the view of everyone that President Nixon should escape liability if actual knowledge of Watergate can't be pinned on him.

In an important new book with an unfortunate title, *Administrative Feedback*, Herbert Kaufman points out that leaders "may resort to a strategy discouraging feedback about administrative behavior because they privately approve of the behavior they know they should, according to law and morality, prevent."

Remember Colson to Hunt, "Don't tell me," and Ehrlichman to Sloan, "I don't want to know."

Kaufman continues, "The temptations to establish claims of ignorance are as great when one is truly an accomplice as when one is truly a victim." He goes on to suggest that "one approach would be to abandon the fiction that leaders are by virtue of ignorance untouched" by responsibility for the actions of their subordinates.

But to pin the leader to the wall, the press must zero in on the subordinate. Too often they do not. Instead, in Kaufman's words, "The journalists focus on programs, the high politics of forming policies, or the sparring footwork of political maneuvering. There is hardly ever an examination of subordinate behavior that would instruct leaders."

Facing the Realities

One thing is clear, the "periphery" of sources must be expanded beyond the senators and ambassadors that gave Reston his scoops. Sy Hersh got the My Lai story from a bunch of guys you never heard of, which is, of course, the way the *Post*'s Watergate story began. *The Washington Monthly*'s greatest scoop, how the Army was spying on civilian politics, came not from the Secretary of Defense but from a captain in the Army Reserve named Christopher Pyle.

Reston looked for his scoops in the gap between the formulation of a policy and its announcement. Another place to look is the place where the policy is being executed. I used to work for the Peace Corps. My job was to evaluate Peace Corps programs overseas. I felt my main mission was to rub Washington's nose in the realities of the field. My best sources were not the top bureaucrats but the volunteers out there doing the job. Increasingly, I think the reporters will find their best sources closer to the cutting edge of policy. The Air Force press office can tell you what the policy is, but you have to go to Indochina to find out what General Lavelle's bombers are doing. There is one story in the political intrigue between the White House and the Congress and the lobbies in, say, the formulation of educational policy. A more important story may be out in the schools where that policy is being carried out.

On January 9, 1972, *The New York Times* published a story saying that some months earlier the White House had decided to do something about all those leaks and that a group devoted to plugging them had been formed under the leadership of Egil Krogh and David Young. The press might well have looked into how that policy was executed. ■

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Tidbits and Outrages

No Time for Petty Scandals

Readers of our stories on banking in this issue will be interested in the extra evidence we have collected from around the country to show that your banker is always working for you. West Virginia's *Charleston Gazette* reported last month that "a legislator who has been deeply involved in trying sincerely to bring about effective legislation for consumer protection has come to the conclusion that the bankers rank at the very top in influencing legislators."

The main concern of the bankers in the recent session of the West Virginia legislature was defending the "holder-in-due -course" doctrine, which the *Gazette*'s fine political writer, Harry Hoffman, explained, "permits a fly-by-night operator to make home improvements, then sell the contract to a bank. . . leaving the consumer to pay through the nose to the holder of the paper, even though the improvements were not made or were faulty."

Douglas Watson of *The Washington Post* reported that the seven Maryland officials who play key roles in administering the state banking laws supporting or legislation affecting the banking industry received free vacations to Bermuda to attend the May convention of the Maryland Bankers Association.

From Virginia comes another reassuring story about the intellectual and moral quality of your bankers:

Hot Springs, Va., June 8. Rep. Joel T. Broyhill received sustained applause from about 200 Washington bankers, wives, and business associates today after a speech in which he bitterly condemned news media for too extensive coverage of the largely "petty Watergate scandals."

Maybe It's Worth It to Get Rid of Them?

John Saar of *The Washington Post* recently pointed to new evidence of the democratic thrust of our armed forces. An officer retiring after 5 years' service is eligible for $15,000 severance pay. An enlisted man can serve for 15 years and get nothing.

Exotic Dancer

For those who think government contracting is dull business, the *Commerce Business Daily* offers evidence to the contrary:

* A–ESTABLISH ENGINEERING SERVICES IN SUPPORT OF THE HAVE HAIR PROGRAM DURING THE EXOTIC DANCER EXERCISE. Negotiations will be conducted with Raytheon Company, Norwood, MA 02062. . . . For information only RFQ F33615-71-Q-1784, S/A(P106)

Watching Out for the Little Guy

The National Observer recently revealed how it defines the word "small" in a story entitled "How Small Investors Cash In On Those Soaring Interest Rates":

U. S. Government securities are paying unusually high returns. Short-term Treasury bills, for instance, currently yield about 7.1 per cent. . . . You need at least $10,000 to buy. . . .

The Pain of Separation

One reason the press didn't complain more about its freeze-out from the White House may have been that reporters felt they weren't missing much by not getting to see the Nixon men. Only now, as more and more of the old White House insiders are speaking in public, are we getting an idea of what quotable material we've been denied all along. At a recent press conference in Los Angeles, John Ehrlichman told reporters that "it was not until February of this year that we were given any reason for even the beginning fibrillation of doubt" about John Dean's assurances that there had been no Watergate cover-up.

And in the grand tradition of Jack Valenti, former White House Special Counsel Charles Colson gave *The New York Times* a special glimpse of what it meant to leave the inner circle: "What I miss most is the opportunity to be with the President, and talk with him every day."

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New Faces at the White House

For those who had hoped the substitution of Haig and Laird for Haldeman and Ehrlichman would bring new candor to the White House, there is a discouraging word from David Wise's new book, *The Politics of Lying*. Describing the Air Force's cover-up of General Lavelle's unauthorized bombings, Wise says, "The Nixon Administration tried to cover up the scandal. The Air Force originally announced that Lavelle had retired for reasons of 'health.' Later John D. Ryan, Air Force Chief of Staff, said he had relieved the General as a result of the bombing raids. Ryan testified that he had recommended that Congress be told the truth, but was overruled—by Defense Secretary Melvin Laird."

Driving the Point Home

Washington's "Metro" transit agency has been building a costly subway system and urging the civic-minded to reduce traffic by riding buses instead of driving cars. Because its work is so important, we were glad to see that Metro has made life easier for 125 of its officials by paying them subsidies for parking spaces near Metro's downtown offices.

Taking the Pictures Off the Wall

It was just a few months ago that everyone was proclaiming his eternal loyalty to President Nixon and boasting of the time they had worked on the campaign with Bob Haldeman or John Ehrlichman. Now we have this report from Monroe W. Karmin of *The Wall Street Journal*:

In two short years, Ronald H. Walker rose from being an obscure West Coast salesman to a job close to the seat of national power in the White House. Now he's hunkered down at the National Park Service, bewildered and scared.

With the Senate's Watergate investigation being televised, with newspapers reporting disclosures almost daily, the new Park Service director knows he's vulnerable to ruin—though he apparently has committed no indiscretion worse than serving a three-year hitch as President Nixon's special assistant for travel.

"With so many people talking now," Mr. Walker says forlornly, "it's like a growing octopus. If somebody mentions my name, and it makes a headline, I'm dead." The 35-year-old political handyman feels he doesn't deserve to die because in his White House job he really was "a very little guy, very behind-the-scenes."

Indeed, Mr. Walker emphasizes that he really wasn't around the White House much at all. "I was responsible for the President's travel arrangements," he explains anxiously, "and the record will show that the President traveled a great deal, and so did I." Moreover, "I'd like to make it clear that I had no knowledge of, and definitely no participation in, any aspect of the Watergate activities now under investigation."

Nonetheless, the revelations are having their effect upon him. During an interview with a reporter, Mr. Walker perspires heavily and squirms uneasily. He stumbles over words, and he gestures erratically. But when he mentions Watergate his hands come together as if in prayer. As the visitor prepares to depart, the Park Service director consecrates the meeting by delcaring, "God bless you sir."

What You've Already Read Can't Hurt You

For those who fear our internal security procedures are becoming too lax, Mike Causey of *The Washington Post* brings new consolation. The Department of Transportation has a group of employees who clip stories about transportation issues from major newspapers. The clippings are then classified "for official use only."

We are also indebted to Causey for discovering a new title at the Department of Commerce: Executive Assistant to the Secretary for Interdepartmental Liaison, Immediate Office, Office of the Secretary.

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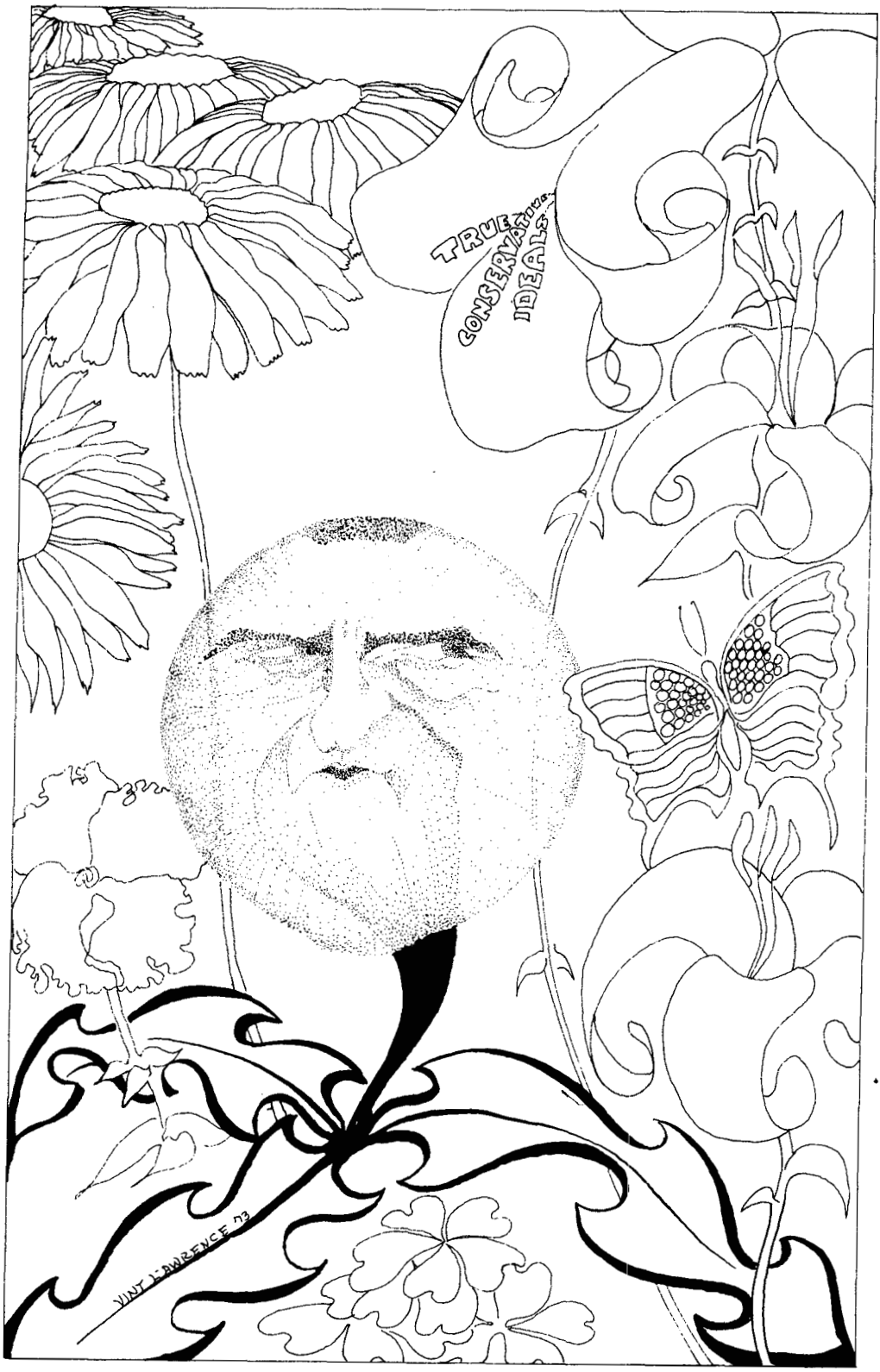

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Civility, Community, and Humor: The Conservatism We Need

by Suzannah Lessard

One Saturday afternoon last autumn I was cooking lunch and listening to the radio when the station switched to the Dartmouth-Harvard game. The game had not begun, and the announcer was rambling on about the nip in the air, the autumn colors, past games, this year's players, their names and hometowns, a semi-nostalgic discourse, which, despite an aversion for football talk, I found unexpectedly moving. Autumn, a new crop of players, New England: the world was on a steady keel after all. I could not remember having felt that quiet sense of cycle, of ongoing life and the past floating so serenely to the surface, in a long time.

During that period, public apathy was the despair of liberal columnists. It's hard to recall the mood , because since then even Nixon's majority has been stirred up by the Watergate scandals and the vocabulary of outrage is back in the saddle. But at the

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"Conservatives tend to be uncomfortable with any idea which smacks of mob psychology. . . ."

time there was a strong, almost anti-political mood which was associated with the support for Nixon, but which extended to the left (perhaps in the form of despair), and for which, as it happens, an absorption in football was the most commonly used symbol. Though it was not as a fan of the game that I was drawn to the broadcast that morning, I associated my reaction with the voices decrying apathy and decided to be very wary about joining them. Whatever the Dartmouth broadcast was unexpectedly giving me, it was not an opiate, but something to be built on.

My thought that afternoon was of the price which the continual agitation and crisis of the last years has exacted. A sense of peace generated from the outside, from the community at large, is now a rarity, at least in the urban-suburban world of the East Coast. In order to flourish, or create an environment in which our children can flourish, people have to buttress themselves from the outside and rely on their personal resources, which in general they have done. Good nerves, a sense of humor, a healthy perspective on life, moral constancy, self-esteem, and a sense of purpose are qualities for which one has to fight in a personally constructed greenhouse rather than cultivating them freely in the open climate.

That morning, anyway, I felt like a conservative.

I am not a conservative. I think government not only should try to, but can, improve life for its citizens, but for the first time I've begun to understand the value of tradition, both for the counterpoint it can provide to the left and for the different perspective it offers on the drift rightward of the electorate. That trend has been perceived from an isolated liberal viewpoint as unquestionably regressive and described in such purely negative terms as apathy, materialism, selfishness, and complacency.

Where to look for the exponents of the conservative tradition, however, is a problem. There are the pure, aesthetically palatable conservatives like Clinton Rossiter and Peter Viereck, who are, however, quite hermit-like and disconnected from actual political life. There are the professional conservative politicians—James Buckley, Barry Goldwater—who by and large have little relation to classical conservatism but who still are not entirely the philosophical equivalent of their Republican colleagues. Then there are the people in between, mostly political writers, who try to relate to political actualities without utterly abandoning the principles of their professed creed. Finally, there are the ex-liberal conservatives, intellectuals like Irving Kristol, Daniel Bell, and Patrick Moynihan, about whom it is often hard to tell whether they are liberals disguised as conservatives or vice versa. It would be a mammoth task to sort out all these levels and come up with a coherent analysis of the conservative movement today. It perhaps makes more sense to first state what I think is best in the tradition quite separate from the form it takes today.

Two elementary attitudes underlie the tradition. The first is a passionate sense of the need to conserve—the land, the culture, the institutions, codes of behavior; to revere and protect those elements which consti-

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". . . . to the point of appearing to enjoy embracing unpopular positions."

tute "civilization." Temperamentally a pessimist, the conservative shrinks from disrupting any of the elements of civilization in the name of bettering it, for fear it will be lost altogether. (He therefore dislikes big government, which exists primarily to tamper with and change the status quo.) He looks to the enduring values of the past—to holding on to what we've got—in forming his political positions, rather than to alluring, idealistic visions of what the future could be.

The second attitude is a cautious view of raw democracy, or direct representational government. The conservative believes firmly in the rights of minorities and those institutions which protect minorities from the whims of the majority, such as the Supreme Court—an elite, appointed body—and the Constitution, particularly the First Amendment. The concern behind this attitude is less for racial, ethnic, or religious groups than for intellectual minorities—the educated elite—to which conservatives have always belonged. (This is inextricably tied to the preservation of a wealthy, educated elite, who have a stake in conserving the status quo, and are ever endangered by the less-educated masses, who are careless about destroying the civilization. This ingredient of material—as opposed to intellectual—self-interest has always jeopardized the credibility of conservative ideas.) These institutions which restrain the mass will are precious in the conservative view not just because they protect the few from being trampled by the many, but because they also protect the majority from its own mistakes. This awareness that the majority can often be wrong (so easily forgotten by social crusaders) produces a mental habit. Conservatives tend to be automatically uncomfortable with any idea or trend which smacks of mob psychology—anything that gains a swift and wide popularity —to the point of appearing to enjoy embracing unpopular positions and dropping wet blankets on the emotional political moods to which this country is prone.

An outgrowth of these attitudes—and one with particular value—is the humor which the skeptical turn of the conservative mind can bring to bear on the confused, disaster-prone but unreservedly grand schemes for the betterment of mankind, which the quixotic and too-often humorless liberal is forever earnestly pressing to perpetrate. The serious point behind the teasing reminder of human fallibility is that a civil, sane environment, though invaluable, is frail, and the price of disrupting it is heavy; that the actual daily life of individuals in that environment and the values on which it is based are the important, primary, realities, not the world of political theorizing and abstract social goals. The conservative reminds the liberal that all the equality, education, opportunity, and financial security will be poor comfort if the culture is destroyed, just as the scattered people from the West End of Boston have discovered that their new housing in "better" neighborhoods is little consolation for the lost community life taken for granted in the now-demolished slum. And just as I might wonder what it has all been for if, as a result, the mild pleasure I took in a college football game has become something to remark on.

One could not possibly claim that these attitudes are representative of the average American mood, though

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"The institutions which restrain the mass will are precious to the conservatives. . . ."

they are not all unrepresentative. The following three examples of conservative thought do not tick off this check list either, but they flesh it out by expressing in different ways the conservative reaction to the excesses of liberalism. This reaction, I think, is the point at which the genuine conservative impulse and the less articulate mood of the public are most closely in tune. Two of the examples are taken from the middle group of conservative political thinkers, Henry Fairlie and Richard Whalen, and the third comes from Randall Jarrell, who isn't trying to make a conservative point at all but was simply observing accurately.

In his recent book, *The Politics of Expectation*, Henry Fairlie, a British conservative, has written about the intense heroic idealism, the hypnotizing images of unattainable promise, and the larger-than-life style of leadership that was epitomized by the Kennedys. His thesis is that the atmosphere of ever-frustrated expectation whipped the country up to an hysterical pitch, with nowhere to go from there. He sees the anarchic events of the late sixties—the assassinations and riots—as inevitable in this revved-up, unhealthy atmosphere, and therefore treats the kind of political leadership which cultivated that atmosphere as more or less criminally dangerous. After presenting his theory, which he does convincingly, there is nothing more for him to do except to back it up with examples, mostly dissections of Kennedy rhetoric, which is also convincingly, if somewhat redundantly, accomplished. But even the redundancy perhaps has value, for it rams his point again and again at that temperamental resistance of the left against seeing promise, hope, and grand social mission as anything but the finest element of political life. Henry Fairlie's book gives a one-sided, narrow view of the Kennedys—as history it is almost worthless. But it has changed the way I perceive practitioners of the politics of expectation.

In a recent, but pre-Watergate, issue of *Harper's*, Richard Whalen, a conservative Republican, offered advice to liberals which nicely complements Fairlie's point. He counseled liberals to stop being panicked by Nixon's thrusts at the media, the poverty establishment, and the Constitution and to discover "the malicious satisfactions" of being on the outside.

> From this perspective you gradually become aware of the arrant fraudulence of much that goes on in Washington. . . . We are being promised—or threatened with, as you prefer—a great deal less in government and spending than we will actually suffer in the next four years. We are being treated to the spectacle of presidential bluster. . . . If we take the Nixon performance at face value, we are being conned as surely as we were conned when Kennedy postured on the battlements of the free world and Lyndon Johnson commanded an end to poverty in the land.

After indulging in some fun with Nixon and his now-ousted staff, he concluded:

> The beginning of realism, in this conservative's opinion, follows from a profound skepticism about the importance of government and politics in our daily lives. If the President disappeared and the Congress went on vacation, in all probability the sun would rise, the milk would be on the doorstep, and we could skip Wicker and Lewis and begin our day with the crossword puzzle. Come to think of it, how would we tell that something was missing?

This is, of course, a comfortably middle-class view. Government does

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". . . . not just because they prevent the few from being trampled but because they also protect the majority from its own mistakes."

make a difference in people's lives, though most dramatically in the lives of the less fortunate, either for better or worse—Indochinese peasants who stray in the way of B-52s, for example, or an impoverished mother of five who does, or does not, get a government check in the mail. (At this point, the Lockheeds and the Standard Oils would also notice if the government disappeared, though their "conservative" defenders usually have little sympathy for their companions in government dependency, the poor, but more of this later.) But Whalen is promoting a perspective—an attitude—not an unqualified doctrine. He has, after all, dedicated his life as a writer to politics, which he would not do if he thought it was all irrevocably fraudulent. This particular point, like Fairlie's, is a simplified insight, affirming the value and substance of daily life and putting government in its place. It is an insight to which the liberal frame of mind is likely to be blind because of an unhealthy proclivity to shuttle uncontrollably between images of either utopia or apocalypse.

In *Pictures from an Institution* Jarrell pokes fun at the fictitious Benton College, an expensive but enlightened institution for women, and at the dichotomy between the students' actual futures and the cult of liberal guilt.

They were successful in teaching most of their students to say in contrition about anything whatsoever: It was I, Lord, it was I; but they were not so successful in teaching them to consider this consciousness of guilt a *summum bonum*, one's final claim upon existence. Many a Benton girl went back to her nice home, married her rich husband—and carried a fox in her bosom for the rest of her life—and short of becoming a social worker, founding a Neo-Socialist party, and then killing herself and leaving her insurance to the United Nations, I do not know how she could have got rid of it.

And of Flo, the professor's wife, he writes (echoing Whalen here):

> Almost everything that happens to Flo and her family and her friends was, after all, only private, and to her *real life* was public, what you voted at, or gave for or read about in the *Nation*. Life seemed to Flo so petty compared to real life.

Jarrell was observing the extravagances to which the liberal mind is prone. His portrait is farcical, and one can laugh easily because his subjects are safely isolated on the Benton College reservation. The farce becomes more ominous, however, when those extravagances are transported to policy-making institutions. The disso-

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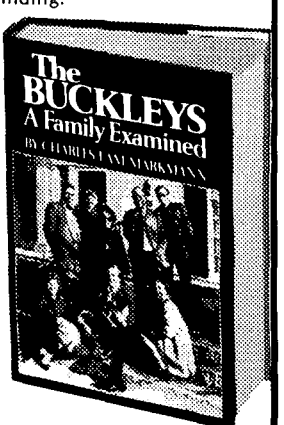

WILLIAM MORROW

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"Progressively minded people are inclined to search their souls for guilt, and their actions to see if they are 'doing enough'. . . ."

ciated, fantasy-prone characteristics of the liberal imagination are not reason to stop being liberal but they are dangers too easily forgotten by a mind gripped with the possibilities of improving things. Progressively minded people are inclined to believe they should constantly search their souls for guilt and their actions to see if they are "doing enough." They should also look around for the skeptics who are laughing at them and learn to laugh at themselves. These are not enemies to aspiration but valuable friends.

These three conservative writers could not be called spokesmen for the majority or typical examples of the popular mind. But the conservative instinct behind what they say and some of the substance does coincide with the mood of what has come to be known as "Middle America." The common ground is the desire for the peace, sanity, and civility which grows out of a normal day-to-day life in one's community and the desire to build on that without interference by emotional appeal or literal intrusion from a high-pitched social crusading (and engineering), utopia-apocalypse prone government. The points on which the current mood and the conservative tradition most notably diverge are those hate-spurred, violent elements, suggestive of radical right-ism, such as Agnew's more notorious anti-intellectual rhetoric, the hard-hat escapades, and some of the anti-busing activity.

Yet looking back, even some of those specific gestures which seemed frighteningly reactionary at the time were, I think, misperceived. Take for example, the liberal interpretation of the flag-waving fad. Expression of contempt for the country was one of the points on which Middle America most definitively rejected the left. More and more overcome with frustration and horror at the war, the left began to blur the distinction between country and policy and to use rhetoric which expressed loathing for both. The flag waving with which many people responded to literal and figurative flag burning was then logically seen as a statement of blind, jingoistic support for the U. S. policy, so much so that at a certain point a liberal dove wouldn't have been caught dead with an American flag.

It now seems doubtful that the flags expressed widespread enthusiasm for the war itself, particularly that late in our involvement; it is far more likely that a great many of those decals on car windows were simply a rejection of the generic self-hatred which, for a while, the talk of the left expressed. There is a distinction between the country and the people in power. If the country couldn't feel a patriotic affection for itself in bad times, then it could never overcome its policies and could be run into the ground by any administration. Self-esteem, affirmation of the things in life you know and have valued are essentials of sanity, growth, peace, and recovery from tragedy as well. And a gesture of self-esteem is not an illogical response to elements which not only threaten disruption but preach generic self-loathing.

There have been other areas in which liberal preconceptions have been off base. For example, the majority of Americans were assumed to be quite un-conservative in accepting persecution of unpopular minorities through the courts, a preconception which was at least called into

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". . . . they should also look around for the skeptics who are laughing at them and learn to laugh at themselves."

question when staunchly middle-American juries acquitted Angela Davis and the Berrigan group (to the surprise of both the prosecution and the defense), and, it now turns out, would have acquitted Ellsberg as well.

Whether or not these "hunches" are right—that a Fairlie-Whalen mood of recoil from high drama in favor of the values and primal reality of daily life describes the drift to the right—it remains that the worst elements in the mood were appealed to by the Administration. Agnew's inflammatory personalismo style, fanning fear and hatred of the disruptive elements in society, was the most flagrantly un-conservative demonstration. Nixon has been publicly more subdued, but though he likes to think of himself as a conservative, his performance in office has been an almost perfect demonstration of a tradition turned inside out.

Nixon's policies have been dramatically aggressive, and he has shown little love for the Constitution. In nominating Carswell to the Supreme Court ("mediocre" people should be represented on the Court, as Senator Roman Hruska said), he demonstrated his contempt for that body, too. His belief in the First Amendment and in protecting the unpopular minority has been expressed in such absurd ventures as the Berrigan trial and the ludicrous effort to crucify Daniel Ellsberg. Indeed, far from being skeptical of majority opinion and believing in moral absolutes, Richard Nixon embraces the "participatory democracy" method of decision-making: he decides according to what is marketable. (Nixon made no statement on the erupting cities in 1968 because—according to Richard Whalen, who was a White House advisor at the time—there was "no consensus" on the subject.) And the personal integrity which ought to be the hallmark of a conservative no matter how else he might wander is apparently a concept which holds no sway in the White House. In general, the allegiance which seems most clearly to direct Nixon's domestic actions is to "the Big Business, Big Government, and National Security state."

The alliance between government and business is not even inspired by aggressive capitalistic motives, or by dreams of a super-productive industrial state which is the best and most efficient as well as the biggest in the world, generating a national prosperity built on real wealth. We hear about such dreams—mostly as though they have already been achieved—in Nixon's speeches, but the reality is something quite different. Instead, the alliance is one of dependency of business on government—complicity between the two is a by-product—in which government props up overgrown, flaccid, incompetent mega-institutions which cannot make it on their own. And while dealing out tax breaks, subsidies, and special favors in billions of dollars to "shelter" these giants, to protect them from the consequences of their own failures, to keep them afloat despite their own unwillingness to shape up and pull for themselves, the Nixon mentality scowls disapprovingly at the unfortunate welfare recipient, who probably never got his head above water in the first place, suspects him of laziness, and wants to force him to endure some hardship before he gets his meager handout, lest his "dependency" corrupt the work ethic, and with it the moral fiber of the nation.

This is a perfect hypocrisy, accom-

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"The incredibly clumsy, transparent cover-up of Watergate betrays this mentality. . . ."

plished with the handy prop of a conservative, anti-socialist, pro-capitalist mask. The lie automatically generates the third creature of this mentality, the National Security state.

As becomes more apparent every day, national security, as Nixon has developed the concept, has very little to do with hostile foreign countries discovering information which gives them an advantage over the United States. Far more passionate has been the endeavor to keep the truth about the government—or big business, the ITT episode, for example—from "leaking" out to the citizenry, leaks which in most cases could not possibly be construed as endangering the safety of the country. More than any other quality, a blanket hatred of truthtellers has been the hallmark of the Nixon group. When this "conservatively" inclined government came in, what better opportunity greeted it for showing up the vices of the outgoing party and the virtues of an administration committed to making capitalism work than to make the defense contractors shape up? Instead, they fired Ernest Fitzgerald, the one person who, with the know-how learned in a fast little engineering consulting company of his own making, had exposed and endeavored to correct the waste and featherbedding which has by now become legendary in that industry.

The crusade against Ellsberg is another example of an irrationally violent reaction against a truthteller, when all he was leaking was past history, which, significantly, exposed more about the overblown importance of "security regulations"—a method of institutional self-perpetuation—and about the clumsy inefficiency of the Pentagon, than it revealed about state secrets. And the original reason for hiring the ill-fated "plumbers" was, by Nixon's own admission, to plug a "serious security leak" to the press. This fear of the truth's "getting out" is not focused on particular pieces of information, it is a general state of mind, so general that one often gets the impression these characters have no idea which pieces of information will reflect badly on them, and therefore, for safe-keeping, they must hide everything. The incredibly clumsy, transparent cover-up of Watergate, like the "shred-everything, deny-everything" reaction to scandal at ITT, betrays this mentality. There is no cunning elimination of selected documents, no carefully edited ver-

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". . . . these characters have no idea which pieces of information will reflect badly on them."

sion of the truth in explanation, the way a crook, aware of a specific wrongdoing, might carefully cover his tracks. Everything is so permeated with hypocrisy that it is no longer possible to distinguish between damaging and harmless information. At the sign of any "leak" of the truth whatsoever, you must deny all, concoct a completely phony cover story, dump all your files into the shredder, shut everybody up (whether by gagging them with dollars or threatening them, it doesn't matter), and mercilessly pursue the leakers—blackball the Fitzgeralds, throw the Ellsbergs in jail, discredit the Jack Andersons, thus intimidating all future truthtellers.

No one has proclaimed Nixon as a great conservative except perhaps Nixon himself, pathetically seeing Disraeli in the mirror, or Horatio Alger, or the embodiment of old-fashioned American values, images which are so patently unconvincing that no one has bothered to challenge them. (Even Kissinger has been seduced into thinking of himself as quintessentially "American," ludicrously describing his appeal to the public as that of a cowboy riding into a hostile town—Red China—alone. Frontier words like "bold," "self-sufficient," and "tough" are constantly surfacing as part of Nixon's self-image.) The politicians who formally call themselves conservative have supported Nixon, but only in a restrained way; they saw fit to run one of their numbers against him as a token protest (although the protest seemed to be inspired mostly by the China visit). So the only people who call Nixon conservative with any conviction are those for whom the word has become blurred to mean "bad," "reactionary," or even "stupid." ("We could call it 'The Worst and the Dumbest,' " joked a New York editor when I was toying with the idea of doing a book on conservatism.) What point is there, then, in "exposing" Nixon as a phony conservative when few have claimed he was a genuine one, except to use him as a handy example of what a conservative is not?

The point is that in looking around at the politicians who do claim to be conservative—Barry Goldwater, James Buckley, John Ashbrook—one finds very little which distinguishes them from Nixon. The most noticeable difference is in standards of integrity. This is somewhat marred by the belief that men in positions of power can do no wrong, and hence the response to evidence of corruption or lying is slow. But there is none of that smarmy ease with crime which Nixon communicates: the reputations for personal integrity which these men enjoy are probably deserved. Among the pro-Nixon ranks, for example, conservatives took the first and most unequivocal stands against the efforts of the Administration to cover up Watergate, though characteristically, only when it became unavoidably clear that a cover-up was in operation.

Before that, Bill Buckley was making a classically conservative point by inquiring of Howard Hunt on *Firing Line* whether his peculiar brand of patriotism, combined with moral blindness to the seriousness of breaking the domestic law, was not the result of working for the CIA in foreign countries where local law was readily broken, without guilt. Hunt could not comprehend the point Buckley was trying to make and was bewildered, apparently thinking that

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"Expression of contempt for the country was one of the points on which Middle America most definitely rejected the left."

right-winger Buckley was saying that Watergate was wrong for the same reasons it was wrong for the CIA to try to stop Castro. The failure of communication dramatically contrasted the two attitudes: genuine reverence for the law, a traditional conservative quality, does live on in today's conservatives.

Aside from the standards of personal integrity and a true respect for the law, however, there is very little to distinguish our conservative politicians from Nixon, except perhaps the fact that they are comparatively passive. Like Nixon, they adopt the conservative position against big government only when the target is government agencies which serve the poor, or strong government regulation of big business. Beyond that, they just don't seem to have any opinion that is noteworthy, unless unusual unassertiveness constitutes an opinion. James Buckley has cut an extraordinarily low profile, both in the Senate and in his home state of New York (he actually lives in Connecticut), and Goldwater has one of the worst attendance records in the Senate. John Ashbrook, the conservative candidate who pulled the booby prize in New Hampshire, is a more gregarious, open sort, but he certainly doesn't seem to have much to communicate besides a boy scout belief in the integrity of all authority and a view of the most complex situations in clear terms of "we vs. they."

Thus Senator Buckley has voted straight down the line for business interests over everything, even the environment, although he made a sustained effort in his campaign to link a commitment to conservation with his political philosophy. (He specifically promised to vote against the SST and then voted for it.) Goldwater, who also affects a special concern for the environment, has done the same. The Ashbrook cast of mind has apparently prevented conservatives from distinguishing themselves from the Nixon philosophy by fighting the dangerous, flagrantly illegitimate national security bluff. Rather than take a firm stand on this issue—which they might have done far more effectively and credibly than the liberals—they have strained beyond the bounds of all reason to believe that the bluff is legitimate.

This attitude has, of course, become more and more strained as the Administration's excuses have become thinner. One of the curious aspects of Bill Buckley's interview with Hunt was that Buckley's usually energetic, almost salacious appetite for debate was replaced by a rather downcast, uncomfortable demeanor. The Hunt attitude toward the law, and the more complex forms it takes higher up, is something Buckley must have felt in his bones for some time but doggedly overlooked. In Hunt he was unavoidably confronted with it and thus was forced to ask the kind of questions he should have been asking of the Administration all along. Intellectual negligence, or semi-intentional misperception, more accurately describe conservative acquiescence to Nixon's flagrantly un-conservative policies than willful dishonesty. One could say the same of many Republicans, of course, but one might have expected something a little more independent of the conservatives. One thing conservatives apparently cannot bear is to find themselves aligned on an issue

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"A blanket hatred of truthtellers has been the hallmark of the Nixon group."

with the left, but unfortunately this suspicious distaste for joining the crowd does not apply to Republicans in power.

The same feeling of half-intentional blindness to dishonesty is true with regard to conservative support of the business-government alliance as well, although it is a position of far longer duration than the acquiescence to inflated claims of national security. The coddling of inefficient phlegmatic giants is surely a most unorthodox policy for a conservative to support, and yet most of them have. In fact, so unshakable is that support, that they seem willing to throw out ideals central to their tradition without a shudder when they get in the way of protecting these dubious institutions. This aberration is at the heart of the conservative failure, in my opinion. Why did they—why did the country—get trapped into this false position?

The answer is, no doubt, worth volumes, but there are some clues to why the conservatives got themselves twisted in this way. In *American Conservatism in the Age of Enterprise*, Robert McCloskey puts forth an interesting theory which draws together some of the strands of this development in an historical context. McCloskey believes that both Jeffersonian liberalism and the American conservative tradition got thrown off their moral foundations by the gospel of wealth and the belief in industrial progress. "The true and central concern of American democracy is the morally free individual; the right of this individual to maintain his dignity and develop his moral capacities is at the apex of the democratic value hierarchy." There are certain "subvalues," he goes on to state, such as freedom of speech and religion, which are indispensable to the realization of this primary value. And then there are "instrumental values," such as economic freedom, which are sometimes important, but contingent on shifting circumstances. Economic freedom, he states, is by no means irrelevant to the democratic tradition, but it is not basic or self-justifying. It "stands in relation to the democratic primary values as a means to an end."

In the 19th century, with the onslaught of industrialism, standards and ideals deteriorated and the hierarchy of values was turned upside down. Economic freedom became identified as an end in itself, the essence of dignity: to be rich was to be worthy, and every man must, of course, be free to strive for dignity.

If the entrepreneurial drive can ever be directly associated with the primary value of individual dignity, then surely it is on the lowest levels of economic venture. A system in which it is possible to start a small business on one's own could be said to preserve with this opportunity a variation on that primary value. The following remark of John D. Rockefeller, Jr., reveals how distant this notion was to the new ethics of laissez-faire conservatives. To a Sunday school class he said, "The growth of large business is merely a survival of the fittest. . . . The American Beauty rose can be produced in the splendor and fragrance which bring cheer to its beholder only by sacrificing the early buds which grow up around it. This is not an evil tendency in business. It is merely the working out of a law of nature and a law of God."

What happened, then, according to McCloskey's theory, is that under the banner of the highest ideals of

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"A civil, sane environment is frail, and the price of disrupting it is heavy."

Jefferson, as well as their own predecessors, the conservatives catapulted to power advocating very un-conservative ideas: rugged individualism—at the expense of the community; unbridled industrial progress—the most disrupting, dislocating force that the Western world has seen since the barbarians invaded Europe; and the gospel of wealth, which equated man's dignity before God with the right to make unlimited amounts of money, surely at best a degrading interpretation of the Christian-Western tradition conservatives claim they seek at all costs to preserve. Material values, in other words, not only overtook ethical values, but were identified as ethical values.

The peculiar twist of values in laissez-faire conservatism is still evident in the modern conservatives. The need to conserve, to change slowly and organically, and to protect the community, which was thrown out to make way for the robber barons' greed and industrial progress, has not been reinstated and conservatives have carried on the banner of protecting the "liberty" of (industrial) giants at all costs.

In 1955, Peter Viereck (one of those pure, out-of-the-mainstream conservatives) chided the left for its half-baked, inconsistent approach to big business, giving what he then thought were legitimate grounds for criticizing the business community. "A few years ago liberal intellectuals were reproaching me for refusing to bait big business—and today (in several cases) for refusing to equate it with Santa Claus," he wrote. "Why do either? Business-baiting was and is a cheap bohemian flourish, a wearing of one's soulfulness on one's sleeve, and no substitute for seriously analyzing the real problem, namely the compulsion of modern techniques (whether under capitalist bigness or socialist bigness) to put know-how before know-why."

Today Viereck's statement would have to be altered, which brings me to the precise reason why the position taken by conservatives is disappointing in their own terms. It would be hard to assert now that American business relies too heavily on "know-how." ("Know-why" is so far out of the picture that it is ridiculous to even bring it up.) The can-do boys of the fifties have, as Russell Baker has put it, been replaced by the can't-do boys. All we hear from our business brethren is that they can't do and don't know how—can't make the plane for the estimated price, don't know how to make an economical pollution-free car—and with these protestations, they enter pleas for sympathy and complaints about the "unfair" demands which are being put upon them.

The most grotesque example of "can't do" is, of course, the defense industry. But if there has been any doubt that the other industries so affectionately regarded by the Administration are brothers under the skin (though perhaps not quite so far advanced in deterioration) to the defense industry, that doubt is rapidly dissipating. The fear our business community is feeling about its ability to compete in world markets is perhaps the most telltale sign. Band-aids like devaluation of the dollar are not likely to long conceal the fact that the products are shoddy and grossly overpriced. "Made in Japan" used to be a condescending joke. Now it is a

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". . . . the daily life of individuals and the values on which it is based are the important, primary realities."

threat and a reproach.

Conservatives are certainly not responsible for this situation; the tradition has never been very strong in the country except in a distorted form, anyway. The purpose here is to use the tradition—both what is genuine in it (expressed mostly by the substratum of political writers) and what has gone wrong in it—for the perspective it can give on recent politics. The picture which shows up from this unfamiliar angle is quite different from the liberal view of a prodigal nation which has abdicated its noble ideals to opt for apathy, materialism, and social egocentricity.

As I said at the beginning, I think there is a genuinely conservative impulse in the country to which Nixon was able to appeal, however fraudulently, with the enormous help of the contrast provided by McGovern's super-liberal, progressive image. In its best form, that impulse was a recoil from the traumas of utopia-apocalypse politics, the wanton intrusion of government into private lives, and national self-flagellation. On the positive side of the coin was a desire to reaffirm the values of normal private life and for the stability and continuity of a sane environment in which to build those values.

I don't think a noble conservative could have transformed this impulse and ridden it to victory. Conservatism is at best a strain, not a movement, in the country. But a strong, independent conservative leadership might have articulated the impulse in the terms it deserves, elevating it above Agnewism. At the same time, it could have emphasized the concepts which distinguish conservative ideas from a reactionary mood. These include the need to protect minorities, an awareness of the difference between ignoring a problem and making a realistic appraisal of solutions to it, between affection for country and blinding oneself to the truth, between respect for authority and ignoring abuse of authority, and between building a sane environment in which change can take place without tearing at the cultural roots, and privatist, inward-turning apathy.

There is a catch, however, to the theory that a large number of people might respond to a genuinely conservative appeal. The catch is related to the points on which I feel conservatives have most grievously betrayed their tradition; the uncritical allegiance to unhealthy mega-businesses

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in the name of free enterprise.

In one way or another, most middle-class Americans are hooked into the big-business bonanza. They are not amassing great wealth from their connection, they are simply using it to maintain their moderately prosperous lives—the two cars, the electrical gadgets, the educational expenses, and the daily meat bills. They may know full well that their job is mere padding, and completely dispensable, but it hardly means that they are going to respond warmly to any leader who points this out. No politician could do that and survive. In this sense, Nixon has a majority of the electorate not just solidly behind him, but around the collar. Most of the middle class is committed to perpetuating the puffball, the flaccid giants, and the almost-infinite rings of services which live off the magical prosperity they generate.

I still think that many people who have been taken for political cop-outs because they voted for Nixon yearn deeply to build their lives around conservative values. The last 10 or 12 years have left nerves frazzled and emotions exhausted and an utter disillusionment with the politics of promise.

Short of revolution, I don't see how any nation can solve its social problems if it does not have a stable cultural base and a reasonably contented, self-assured population. The momentum of political idealism can, as we have seen, carry people through a lot of chaos, but in the end the shambles press in on everyone's consciousness and begin to dominate. Nothing would be better for everyone, the poor included, if the country found a genuinely conservative instinct and built on it.

The big obstacle is not conscience's dictate that we must forge ahead with progressive programs for the unfortunate, but the entrapment of so much of the prosperous population in the tenuous puffball of overpaid, underproductive, pointless work. The conservative tradition teaches of the beauty of the enterprising mind and appreciation for what it can do, of the evils of cradle-to-grave dependency (which is what happens to someone caught in a valueless job with high pay, fringe benefits, including a pension, and nowhere else to go), of the virtues of self-sufficiency, and most of all, of the importance of building individual and communal life around the enduring values of the civilization. How can such ideals be followed by a people whose personal prosperity is founded on inherently valueless work, and whose individual lives are constructed out of puffball money? How can one build stability, personally or as a nation, out of such an inherently unstable situation?

If any leader had the courage to truly advocate a conservative platform, that person would have to be willing to face this truth, and all the fear of facing it which has built up in the country. Such a person would also have to come up with a lot of answers, such as where the sound, worthwhile jobs might be, and towards what ends work energy of every kind should be directed. That, of course, would be a very un-conservative thing to do because it would deeply disturb the foundations, or non-foundations, on which latter-day American society is constructed. Nevertheless, it would take a conservatively oriented mind to do this, just as an appeal to the genuinely conservative yearnings in the electorate would be the only way to enlist its support for such a painful reevaluation. Only when the middle class summons the courage, the faith in itself, and the desire to truthfully pursue such a reevaluation will the country get on the road to satisfy those yearnings. Then we could begin to find all those lovely sounding things—peace, continuity, a sane, civil environment, a sense of cycle, the past and ongoing life—which rose so unexpectedly to the surface and with such nostalgic force that afternoon I happened to tune into a college football game on the radio and suddenly felt like a conservative. ■

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THE SCREWING OF THE AVERAGE MAN:

How Your Banker Does It

by Paul Dickson

From Watergate and Equity Funding to the "Dare to be Great" program of Glenn Turner, the 1970s promise to be an era of bigger and better scandals. As a result of the publicity which these shenanigans have received there probably has never been a time in which the average man was more apt to look with skepticism on the fast-talking sharpy who offers him a "rock-bottom" price on the Brooklyn Bridge.

But let's face it, unless you happen to be George McGovern, the holder of paper which was once Equity Funding stock, or one who dared to be great, these scandals probably have affected your faith in America far more than your pocketbook. This is not to say that we should be unconcerned with multi-million dollar heists, but we must not be so hypnotized by the super-capers that we fail to notice the hundreds of mundane, little traps in our daily lives.

Paul Dickson is a frequent contributor to The Washington Monthly.

No area more clearly illustrates the pervasiveness of these two-bit gyps than our dealings with financial institutions—from opening checking accounts to taking out first mortgages. The average man, mystified by the overall system of gold crises, dollar devaluations, and floating prime rates, readily admits he is baffled by these monetary dramas, but he doesn't seem to know, or care, that he is equally in the dark on the level of his personal financial transactions. The bank down the street or around the corner from where we work is a place we patronize not because it offers the best deal, but because it is the most convenient or has the shortest lines on payday. We tend to regard bank advertising with the same skepticism we bring to airline commercials—since we know all banks are alike, what do their sales claims matter?

Consequently, many otherwise intelligent and well-informed people would be astonished to discover that banks are at least as diverse as

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restaurants or colleges. For example, some savings and loan associations in Massachusetts and New Hampshire will pay what is, in effect, interest on checking accounts. And, there are more than 50 different ways to compute interest—with the variations meaning a considerable difference in our earnings or the amount we pay for a loan. It is remarkable how little most of us who are pawns in the money game comprehend its rules and rituals. Even more remarkable in this age of consumer consciousness is how rarely these questions are even raised.

For starters, there is the basic question of what rate of interest we get for our savings and how often that interest is compounded. At the consumer level, bank profits stem from the difference between the interest rate granted savings depositors and the interest rate collected on loans. As fundamental as this is, the small consumer seldom shops this spread with, say, the care that is almost automatic in comparing the prices of used-car dealers or supermarkets. For example, some savers can take money out of their accounts when they want without losing interest (because it is compounded daily), while others lose interest if they make their withdrawal at any time other than the first day of each quarter. There are, of course, limits imposed on the range of bargains. The federal government sets the maximum interest rates that banks can pay on savings. On the other hand, there are no explicit federal limits on the interest rates the bank can charge when you take out a loan.

The American Bankers Association—not known for self-flagellation—admits there are 54 widely used methods of computing interest; the total might be more like 100 if you count some of the rarer variations. The differences between the methods can produce dramatic results. There are those banks which pay interest

Comparison Shopping at the Bank

One bank service clearly worth shopping for is a savings account. As the Pinson study of bank interest rates showed, the differences between banks can be quite substantial.

Ironically, in a banking world where gaudy brochures are the rule, pamphlets on savings accounts are as rare as $2 bills. Since the banks are unlikely to provide you with useful information, here are the most important things to inquire about in shopping for a savings account:

- Find the maximum rate of interest available in your area—five per cent in most cases.
- Look for the frequency of interest compounding. It can range from accounts compounded daily to ones compounded on a semi-annual minimum balance. Generally, the more often your interest is compounded the better, especially if you make frequent withdrawals.
- Find out exactly what happens when you make a withdrawal, as there can be two different systems at work. The first is the LIFO system (for Last In, First Out), which means that if you take out $100, it is considered for interest purposes to be the last $100 you put in. The other is the First In (or FIFO) system which takes out the first, or oldest, $100 in the account. Without entering into the realms of higher math, you will normally end up with more interest at the end of the year if you have a LIFO account.

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only on the smallest balance held in the account during the entire quarter. Others pay interest on the entire account, but only if there is a minimum balance of $50 or $100. Jackie M. Pinson, a graduate student at Kansas State University, demonstrated that two accounts paying exactly the same rate of interest can differ as much as 171 per cent in earnings over a six-month period. (For the practical lessons of the Pinson study, see the box on "Comparison Shopping.")

Some banks provide customers with detailed information on their interest policies, while others are entirely mum. The Pinson study, *Truth in Savings*, has helped spark a movement; already bills have been introduced in both Houses of Congress to require that banks use standardized phraseology and provide certain standard information to their customers. The legislation would mandate the disclosure of such essential pieces of information as the time unit for compounding interest, the actual annual percentage rate of interest, and the actual annual percentage yield. In the absence of such laws, the jumble of bank practices leads the average man in confusing, often costly, directions.

But even if the average man prudently requests his friendly banker to explain the provisions of his new account, he may remain unenlightened, according to *Citibank*, an exhaustive examination of New York's First National City Bank (Citibank) recently completed by Ralph Nader's Center for the Study of Responsive Law. The study revealed that Citibank's platform employees—those who sit at desks rather than stand at windows—are not nearly as omniscient as they seem. The Nader organization somehow was able to jar loose a series of studies, conducted for the bank by an independent management consultant, which showed that only 40 per cent of the platform employees could explain the costs of different types of checking accounts, and only 35 per cent could unravel the requirements for the bank's highly touted "Ready Credit" form of instant loan. The Pinson study of savings account interest rates had a similar conclusion—most banks sampled had an extremely difficult time explaining how their account procedures work.

Apparently the inability to explain the many services offered does not deter the selling of them. *Citibank* reports that First National City has a volume-oriented incentive program to get its branch office personnel to "cross-sell" as many services as possible to each customer. Depending on the periodic needs dictated by the bank's overall cost flow, salesmen earn different commissions for selling certain services at different times of the year. For example, there are periods when it is worth more to a bank employee to get you to borrow than to save.

Rooked and Checkmated

One way the average man often suffers for his ignorance is through an immediate loss in his checking account. Since savings banks and savings and loan associations are forbidden by law to offer checking accounts, commercial banks have a virtual monopoly in this area. Across the country, commercial banks hold $200 billion in checking-account funds; this represents some 40 per cent of the banks' collective assets and amounts to a vast interest-free supply of capital. Yet despite this enormous booty, most banks still charge for each check you write and often for each deposit. Some banks do provide free checking, but only if you maintain a sizable minimum balance. Recently, though, some banks in Pennsylvania, Virginia, and New York began to offer free checking accounts with no minimum balance. But in an industry as conservative as banking, such agressively competitive practices border on heresy.

In any event, free checking is as far

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as even the most consumer-oriented commercial bank can go since federal law states that no interest can be paid on checking accounts. Of course, the law does not require the banks to loan this money interest free.

Fair Weather Friends

The loan department is probably the one part of the bank most of us enter with an active sense of anxiety. The niggardliness of banks in this respect is enshrined in aphorisms like, "A banker is someone who lends you an umbrella when the weather is fair and wants it back as soon as it begins to rain." The same banks which had few qualms, until recently, about lending millions to corporations like Penn Central are often reluctant to make consumer loans. Take this letter sent out to all customers of a Washington, D.C. bank in 1971:

> Recent developments have made it necessary that we revise our policies for consumer lending. As a result, we normally require that new loans be made only to depositors with our bank, and we have also placed a usual minimum of $1,000 on all loans.

For a person who needs only $300, the only answer is a finance company —which often obtains *its* capital through bank loans—where interest rates sometimes run as high as 36 per cent a year.

Yet the average man's problems with his local bank only begin once they deem him worthy of borrowing. Take the 360-day year custom—interest is charged for each day of the real world's 365-day calendar, while the customer only gets the use of the money for 360 days. In a non-leap year, a 12-month loan comes due in 360 days, while the interest payments are calculated for the whole year. The sum lost by an individual borrower on a six-year loan comes out to be one month's interest—small potatoes, perhaps, except that in the aggregate the arrangement yields a healthy bonus for the banks. One estimate is that this calendar magic costs the consumer about $150 million a year. According to a 1971 Federal Reserve survey, 82 per cent of the banks contacted used some form of the short year in calculating interest on loans.

Whereas rent strikes are occasionally an effective weapon against recalcitrant landlords, defaulting on a bank loan to protest financial practices like the 360-day year is not advisable. *Citibank* researchers reported excessively harsh collection policies for overdue loans at First National City—abusive calls to the debtor and his family, complaints to the debtor's employer, wage garnishment, and the use of what has been termed "sewer service." (For those lucky enough not to be *au courant* with the vocabulary of collection agencies, "sewer service" is the practice whereby a process server purposely neglects to deliver the summons, preventing the debtor from appearing in court and resulting in a default judgment against him.)

Mortgages provide another maze of pitfalls for the borrower. One widespread practice which deserves closer scrutiny—and is beginning to get it—is the requirement that homeowners put money in escrow for payment on the property taxes and insurance on their homes. In effect, this means that the homeowner must pay his taxes to the bank a year in advance, giving the financial institution interest-free use of the money until the taxes are actually due. One study estimates that banks earn about $100 million a year from use of this money.

There is some good news here—this is one abuse that may soon be corrected. Last year there was an abortive effort in Congress to outlaw escrow accounts, and attempts are continuing on the state level. The practice is also being challenged in several law suits. At least one bank, Dade Federal Savings and Loan Association in Florida, has adopted a policy of paying three percent interest on money held in escrow. But most bankers still defend the practice by pointing out that the annual interest earned on escrow

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accounts would be small—a homeowner with a $400 tax bill would get only $5.92 a year if he were paid five per cent, compounded quarterly. The banks might put it another way: What does $5.92 mean to you against the millions it means to us?

Oaks from Acorns Department

Lingering memories of the Depression have caused bankers, customers, and even lawmakers to defend policies which favor the banks at the expense of individual customers. When the average man thinks about the financial soundness of his bank, images of "panics," "runs," and "failures" may come to mind, despite the fact that the Federal Deposit Insurance Corporation (FDIC) now insures most personal deposits for up to $20,000. These memories of another era's fiscal catastrophes thus tend to blind us to the modern abuses we are far more likely to experience at our local bank. The average man may not endure a major loss each time he goes to the teller's window, but a number of little tricks his bank has devised may nickel-and-dime him to death.

Many of these Depression era fears are now almost comically outdated. During the Depression, banks were forced to foreclose when homeowners couldn't meet mortgage payments. Many banks ended up with a lot of houses they couldn't sell and a resulting cash shortage which caused them to fail. Today bankers will resort to almost any settlement rather than foreclose on a mortgage. But most people outside the banking world still haven't noticed.

The worst hangover from the Depression days may be the laws regulating banks. The 1933 law forbidding interest on checking accounts was clearly devised to help failing banks cut costs; escrow accounts for mortgages date from the era when houses were auctioned off to pay overdue property taxes. Forty years later, banks are no longer failing en masse, but they continue to cash in on

photo by Leslie Renchard Cashen

the regulators' fears. Admittedly, the money any one of us loses yearly because our checking account doesn't pay interest might not fill our freezer with porterhouse steaks, but from the banks' point of view it adds up to a hefty amount when multiplied by the number of depositors.

Similarly, the memories of bank runs persist in the minds of government regulators. Today, the tight-lipped FDIC is reluctant to disclose to anyone that a bank is having difficulty. Releasing such information, the agency argues, might precipitate a run and thereby scuttle a bank which otherwise could have been saved. While there is merit to this reasoning, it raises difficult questions of whether the depositors or the banks deserve greater consideration when a bank starts having trouble.

A Bank Baedeker

The Depression mystique isn't the only obstacle to effective banking regulation and consumer awareness. The sheer variety in the *kinds* of banks existing today is also an impediment. First, there are the commercial banks, the savings and loan associations, and the mutual savings banks. Then there are all the other institutions which perform bank-like functions even though they

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aren't banks: credit unions, insurance companies, and for that matter, pawn shops. Each of these institutions operates under separate laws and customs. No wonder five financial institutions on the same block in the same community can have five different mortgage policies, five different formulas for computing interest, and one common claim—that each offers the best deal in town.

Sitting atop this entire structure is a series of federal regulatory agencies which creates complications unique even for the federal government. Regulatory responsibility is shared by the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Company, and the Justice Department. This whole superstructure is shrouded in secrecy: even the General Accounting Office cannot audit the Federal Reserve, and their ability to oversee the Comptroller of the Currency and the FDIC is limited. State banking laws also vary widely—what is the standard interest rate in one state may be usury in another.

Since the government is mute, the average man is left to rely on the banks themselves for information. But false or misleading claims in bank advertising are exempt from the scrutiny given advertisements by the Federal Trade Commission. What regulation does exist comes from federal and state banking agencies. Federal truth-in-lending legislation affords some protection to the prospective borrower, but there are few protections regarding other banking services.

With restrictions like these, bank advertising can easily veer toward the far limits of plausibility. One New York savings and loan association advertised the highest rate of interest in America when, in reality, for most of its depositors it didn't even pay the highest rates in town. Commercial banks regularly promise "the highest rate of interest permitted under law," even though the law generally allows savings banks and savings and loan

Where the Government Puts You After April 15, and Other Horro

Interestingly enough, the federal government's favoritism towards banking doesn't stop with the pockets of the average man. Take the interest-free deposits that commercial banks hold for the government in tax and loan accounts—which amount to checking accounts in which the government places its tax money and other receipts. On any given day, banks across the country are likely to be holding an interest-free $5 billion which they are free to use for short-term ventures like treasury bills or tax-free municipal bonds. All this strongly suggests that Uncle Sam is a penny-wise and pound-foolish businessman. On the one hand he harasses the average man with interest charges for paying his taxes a few days late. On the other, he immediately places these tax revenues in non-interest bearing accounts while simultaneously borrowing money to finance the national debt.

Recent newspaper stories have indicated that this kind of largesse is not restricted to Uncle Sam. *The Washington Post* disclosed that the state of Maryland had placed millions of dollars of public money in non-interest bearing accounts in various banks—including one headed by a retired state treasurer. Following the exposé, Maryland announced plans to halt the giveaway.

Last year, *The Washington Star* discovered that Alabama was keeping close to $2 million in a bank in George Wallace's home town with

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associations to offer somewhat higher rates.

Hunting for More Competition

Nonetheless, the future at the teller's window of your local bank is not entirely bleak. In late 1971 a presidential commission on "Financial Structure and Regulation," chaired by retired businessman Reed O. Hunt, came up with some 90 major recommendations for re-shaping the American financial world. The effect of these suggestions would be to foster greater competition between commercial banks and their rivals—the savings and loan associations, savings banks, and credit unions. One recommendation called for permitting savings and loan associations to offer checking accounts—a move that could hasten the spread of the free checking account. The report also urged that the federal government gradually lift the ceilings on the interest rates which can be paid to depositors. Unlike most commission reports, which are promptly filed under "Forget," this one has attracted serious attention, and many of its conclusions are being transformed into legislative proposals.

And even now, the banking world is bracing for a new specter which might best be called "Beyond Free Checking." A number of state-regulated mutual savings banks in Massachusetts and New Hampshire are trying to break the commercial banks' monopoly on checking accounts by offering a kind of savings account which for all intents and purposes functions as a checking account. Called NOW accounts—for Negotiable Order of Withdrawal—they allow you to pay the plumber or the phone company by writing a withdrawal order on your savings account in lieu of a check. This way you are able to use a savings account like a free checking account while still getting *some* interest, though rates tend to be lower than those on regular savings accounts. The NOW accounts are one of the most controversial banking developments in recent years—already one effort to ban them outright has been turned back in the House of Representatives—and are likely to provoke continued legislative battles.

Another encouraging sign is that bank customers are beginning to ask questions. It was basically consumer pressure, for example, that turned such sacred cows as no-interest Christmas Clubs into plans which yield capital *and* interest at Yuletide. And, although there is still rampant inertia in the banking community, free checking is becoming more common, as people ask, "If the Mellon Bank lets its customers check for free, why doesn't my bank?"

But it's a long way from free checks to a square deal at the bank. The average man must learn to ask a lot more questions of the kindly institutions which safeguard his money. Those friendly folks at the local bank may need to hear from Marley's ghost before they start asking the questions of themselves. ■

Money Stories

half the money receiving no interest. All in all, Alabama had $180 million in interest-free accounts. Of course, not all state governments are so cavalier with their money. Under a model program which Senator Adlai Stevenson III established when he was state treasurer of Illinois, the banks have to bid for the state's accounts.

Private charities are also giving banks more than their due. In February, *Washington Post* investigative reporter Ronald Kessler disclosed that Sibley Memorial Hospital in the District of Columbia had more than $1 million stashed in no-interest deposits. In all, the lost interest amounted to $100,000 a year—or $1.11 a day for each patient in the hospital.

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Memo of the Month

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOUSING MANAGEMENT

NOTICE HM 73-8 (LHA)

5/2/73

TO: Local Housing Authorities

SUBJECT: Monthly Checklist of Housing Management Issuances Distributed to Local Housing Authorities, April 1973

Classification Number	Type of Issuance	Title
HM 73-7 (LHA) 4/2/73	Notice	Monthly Checklist of Housing Management Issuances Distributed to Local Housing Authorities, March 1973

HM:DISTRIBUTION: 138, 045, I-1, W-1, W-2, W-3, W-3-1, W-4
R-1, R-2, R-3, R-3-1(HM), R-3-2, R-4-2
R-5, R-5-1, R-5-2

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business without attracting a single customer who currently patronizes any of your existing competitors.

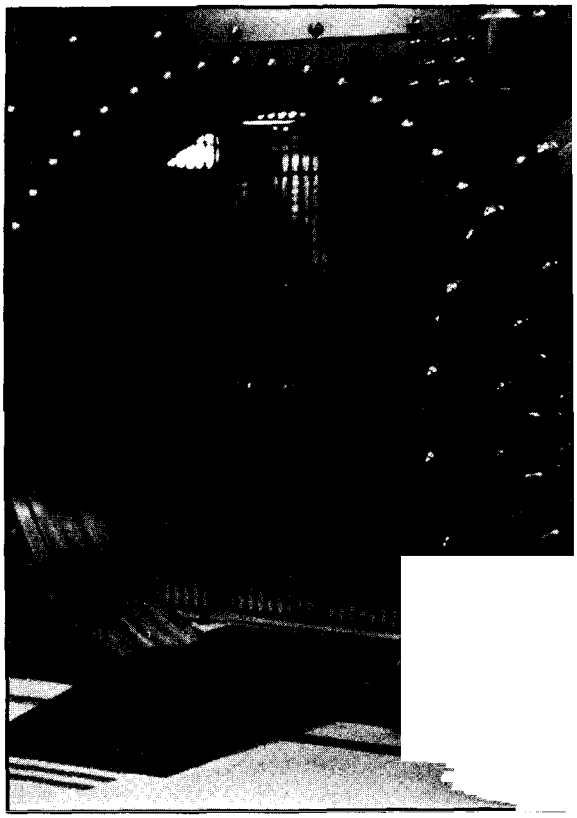
Recognizing the Herculean nature of this task, you shrug, and abandon the dreams of a lifetime, setting your sights on a more realistic entrepreneurial goal—getting the next local McDonald's franchise.

Needless to say, it does not require an advanced degree in business administration to realize that this is not how you enter the candy-store business. But this extended metaphor does illustrate the gyrations you have to go through to get one of those rare documents called a bank charter.

All this should not lead to the conclusion that bank charters are impossible to obtain—only difficult. As with so much else in life, success not only depends on who you are, but also where you are. In 1972 more than a quarter of all new banks were located in Texas and Florida—two fast-growing states which prohibit branch banking. In all, state banking commissions approved 191 new banks in 1972—the highest number in recent memory.

While policies regarding *de novo* banking vary drastically from state to state, the process is not often likely to be approved by "good government" groups. Sometimes the sweetener is campaign contributions, sometimes the magic is hiring the right law firm to prepare the application, sometimes the charter application is actually evaluated solely on its merits. While state figures on rejected applications are impossible to obtain, they would not, in any case, include the hundreds of would-be bankers who got discouraged along the way.

Statistics are better for national banks chartered by the Comptroller of the Currency. Last year, the Comptroller approved 55 new national banks—60 per cent of those that applied. Many small and medium-sized banks prefer state charters, thereby avoiding the arduous reserve requirements imposed by the Federal Reserve. Yet national chartering policy



remains particularly significant. Not only does the Comptroller often set the tone for state regulation, but national bank charters possess an aura of prestige which far outdistances their practical advantages.

Survival of the Meanest

This entire regulatory shell game has an important effect on the consumer as well as the banking community. Not only does limiting entry tend to restrict competition, but banking regulation has helped in many ways to create the grandest "old boy network" of them all, weeding out many non-banker types deemed likely to be too aggressively competitive.

Traditionally, questions like barriers to entry and their effect on competition elicit little interest outside college economics departments. So, although charters have been in the news recently, the reason has had very little to do with either the consumer or competition between financial institutions.

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Bank Charters: How He Got to Do It

by Walter Shapiro

Consider this scenario: You want to open a candy store on a shady street in your home town. Nothing fancy, just the usual amalgam of paperback books, cheap cigars, magazines, Hallmark cards, candy kisses, and bubble gum. You and several friends who share your lifelong ambition to be a candy store proprietor have accumulated enough capital to rent the storefront, buy the initial inventory, and weather the expected losses of the first lean months.

At first glance, it would seem that you were in business, ready for some heart-to-heart talks with the local distributor for Topps baseball cards. Unfortunately, as plans for the grand opening are going full tilt, you discover that you must obtain a candy-store charter from either the U. S. Comptroller of Sweets or your state's Confectionaries Commissioner.

This is no Ralph Nader innovation designed to verify that both your store and inventory meet the requisite health code standards. Instead, to get a charter you have to prove that the side streets of your home town are not "over candy-stored" and that the executive management of your little enterprise "has a well-rounded candy-store background." And one other thing—the charter costs $2,500.

All these requirements seem rather expensive and time-consuming, but you've learned to live with inflation and government red tape. There's just one question—what does the phrase "over candy-stored" mean?

Although no one's quite sure, it seems that your candy store must not in any way reduce the profits of any existing candy store. It's not good enough to prove that opening your candy store wouldn't drive any of your competitors out of business or even cause them to lose money. No, what you have to demonstrate is that you will not reduce their profits. To qualify for one of these coveted candy-store charters you must demonstrate that there are hundreds of closet cigar fanciers and paper-kite devotees who are ready to come out with the opening of your emporium. In short, you must build a profitable

Walter Shapiro is an editor of The Washington Monthly.

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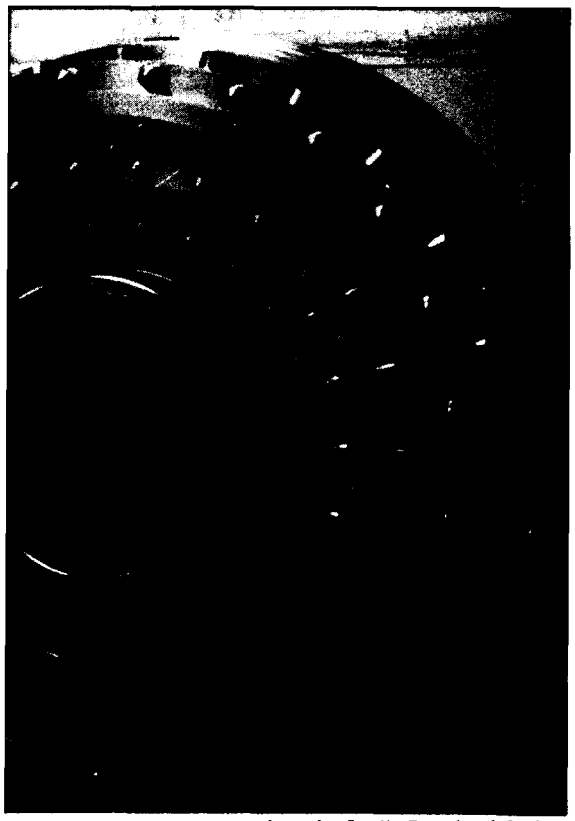

photo by Leslie Renchard Cashen

Those who have become aficionados of the Watergate affair undoubtedly remember that some of the money "laundered" in Mexico came from a Nixon campaign contribution by someone who also wanted a national bank charter.

The someone was a Minneapolis businessman named Dwayne Andreas, who gave $25,000 to Kenneth Dahlberg, Nixon's chief midwestern fundraiser. Interestingly enough, both Andreas and Dahlberg were organizers of the Ridgedale National Bank, which last August obtained a national bank charter in near-record time. Near-record time was definitely needed, since Ridgedale's final approval came just two days before the Minnesota bank commissioner was to consider a competing application. Andreas' and Dahlberg's prize was the unchallenged right to be the only bank in a giant shopping center being erected in Minnetonka, Minnesota.

The timing was somewhat less tense in late 1971 when the Hudson Valley National Bank was chartered with Robert Abplanalp, a close personal friend of Richard Nixon, as principal stockholder. Abplanalp's attorney, William Griffin, was one of the bank's organizers and the owner of $125,000 worth of stock. In 1972, Griffin was to purchase two Key Biscayne, Florida, lots from the President for $150,000. A footnote to the story is that Griffin listed his total assets as $263,000 on the bank charter application.

Everyone agrees that the Comptroller of the Currency is not generally in the business of swapping bank charters for campaign contributions, even to incumbent Presidents. And even the most cynical admit that a $25,000 contribution to the Committee to Re-Elect the President would have been a bargain-basement price for a franchise as lucrative as a bank charter. Yet the two cases are important for reasons that have little to do with Watergate or conflicts of interest.

The Comptroller's files on the Ridgedale National Bank and the Hudson Valley National Bank are unique. Their rarity is simply that charges of impropriety forced the Comptroller to make them public. The policy is simple, explained William Foster, the Comptroller's press assistant, "To get to see a bank charter file, you have to call the Comptroller a liar." Justin Watson, who was acting Comptroller until early this July, confirmed that no other files have ever been made public without a court order. Watson cited no statutory justification for keeping the rest of the files off limits. His reasons were, at best, vague, and included lines like, "To put it bluntly, we don't want anyone to come in here on a fishing trip."

Perhaps one reason the files on the Ridgedale and Hudson Valley National Banks were made public was that they provide no new information for those searching for scandal. Yet there is a fascination in the revealing glimpse they do provide of the quasi-competitive world of banking.

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Population Control

In perusing the Comptroller's files, it is important to remember that his office has virtually no fixed procedures or set definitions. For example, a public hearing is never required, although the Comptroller can—and does—permit them at his own discretion. The key statutory requirement for a new bank is that "it meets the public need and convenience"—not one of the more precise legal phrases of all time. And, of course, when the Comptroller denies an application, he provides no explanation.

In the Ridgedale file, a national bank examiner reviews the competitive situation in Minnetonka: "There are several applications for new charters and relocations in the same general area. An overbanked situation could exist if more than one new charter is approved for the area." Elsewhere, the same examiner expressed the concern that "a concentration of banks in or near the [shopping] center, however, would certainly be unfortunate, and the competition, to the degree that it would probably develop, would be unhealthy. This same touching concern about the excesses of competition is reflected in a memo which Thomas DeShazo, Deputy Comptroller of the Currency, wrote for the files justifying approval of the Hudson Valley National Bank. "It is believed," DeShazo states, "the new entry would not have an adverse effect upon existing units."

"Overbanking," a word almost as mellifluous as Ron Ziegler's "inoperative" or "misspoke," is almost never precisely defined. Watson called "overbanking" any situation "where the existing competitors are not growing." But in practice it seems that "over-banking" occurs when a new bank may undermine the earnings of an existing unit or face obstacles in attaining its own rapid profitability. Of course, those doing the evaluating are bank examiners, who by reputation are not excessively predisposed toward optimism. Not surprisingly, the concept of overbanking is at serious odds with the free-enterprise rhetoric favored by the American Bankers Association. And it is certainly alien to the candy store business, where decisions about the dangers of unhealthy competition are limited to the investors who are taking the financial risk.

The Midas Touch

There are, of course, considerable differences between banks and candy stores. For one thing, banks are allowed to maintain reserves which cover only a small percentage of their actual deposits. But brokerage houses are also trust institutions, and entering the securities business only requires adequate capitalization. A better explanation is that banking's entry requirements are just another legacy of the Depression.

Virtually all the anti-competitive practices of bank regulators are justified by this fear of bank failure. Steeped in accounting and reflecting the prudence which the financial world reveres, bank examiners are far more concerned with maintaining the banking status quo than in undermining the market's stability by introducing too aggressive a competitor.

There is a bureaucratic reason, as well, for this pervasive sense of caution. The standard response to a bank failure by even the most "populist" of politicians is to berate the bank regulators for approving the charter in the first place. Even the best of Comptrollers is unlikely to be well known outside the sectarian world of banking. But let one bank fail and cries go up which make the shrieks of "Who lost China?" seem pallid by comparison.

The case of James Saxon, Comptroller of the Currency from 1961 to 1966, illustrates that there are limits beyond which even the most pro-competitive regulators will not go. Before Saxon, new federal bank charters were almost as rare as new patents of nobility. Yet by 1963 the Treasury

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Department was issuing more than 150 new charters a year. As Saxon himself put it recently, "I probably made more new millionaires in those days than anyone else in the country."

Then in early 1965, came the well-publicized failure of the San Francisco National Bank. By the end of that year, Saxon had placed a moratorium on new bank charters. As a result, about half the federal bank charters issued in the last 10 years were granted by Saxon in those boom years of 1963 and 1964.

It doesn't really matter that the failure of banks like the San Francisco National is far removed from the era when "runs" were more commonly associated with banking than with baseball. Recent bank failures have in no way created panic situations. Nor have they weakened other recently chartered banks in the area.

In short, in today's economic world the fear of bank failure is grossly exaggerated. As a former Saxon associate put it, "A New England town would suffer far more acutely if its textile mill moved South than if its only bank failed." Bank failures are, of course, not without their social costs, but these should be weighted against the benefits which would be provided by greater bank competition.

In assessing the risks of bank failure it is important to remember that the American banking system is not exactly teetering on the brink of bankruptcy. In 1971, according to FDIC figures, a bank in the bottom 10 per cent of the industry in terms of earnings still made six per cent on invested capital. Less than one per cent of all established banks in the country lost money in 1971. The only industry which might even presume to rival banking as the "sure thing" of the American economy is private utilities. As one bank regulator explained, "Short of rampant dishonesty or incompetence on a scale almost defying imagination, it is virtually impossible for an established bank to lose money."

Yet even those who are passionately concerned about bank competition do not believe that chartering policies are the major question in banking. From the oak-paneled dining room at the Federal Reserve to the internal courtyards of the Justice Department's antitrust division, the hot question is branch banking. California, home of the Bank of America, is the model for unlimited branching. At the other end of the spectrum, some states like Illinois, Florida, and Texas, where small bankers still have political muscle, prohibit branching entirely. There is generally less competition in these unit banking states than anywhere else in the country.

Bankers' Hours

Many argue that there are stringent limitations to the amount of competition which can be stimulated by granting a new local charter in a community already dominated by status quo

The Texas OBSERVER

"**The Last Thing** I would want to do before this committee—or any responsible committee—is vouch for what appears in **The Texas Observer**."—John Connally at Senate Finance Committee hearing on 2-2-71.

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—John Kenneth Galbraith, 9-16-70.

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bankers—the type who believe that staying open until three in the afternoon is a major consumer innovation. Instead, the most aggressive competition is thought to be provided when a large bank is permitted to enter a new community through branching. Economies of scale have little to do with it, since middle-sized banks with about $10 million in deposits derive few competitive advantages from growing larger. The kind of things banking giants do best are generally of little importance to the average customer—unless he's playing the Zurich gold market or needs to borrow money for a new blast furnace.

The enthusiasm for branch banking does not then stem from any widespread admiration of the benefits that Chase Manhattan brings to the consumer. Rather, it is a reflection on the type of local businessmen who generally obtain bank charters. For example, a bank holding company which needs an attractive price-earnings ratio to attract Wall Street investors is likely to be far more innovative than a local group drawn together from the pillars of the Chamber of Commerce.

These feelings were underlined when Justin Watson generalized about about why bank charter applications are turned down. Surprisingly enough, inadequate capitalization rarely causes a rejection. "If we say an applicant needs more capital to get a charter, the organizers have no trouble going back and getting it," Watson said, giving an accurate assessment of the market value of the bank franchises which the Comptroller dispenses with selective generosity.

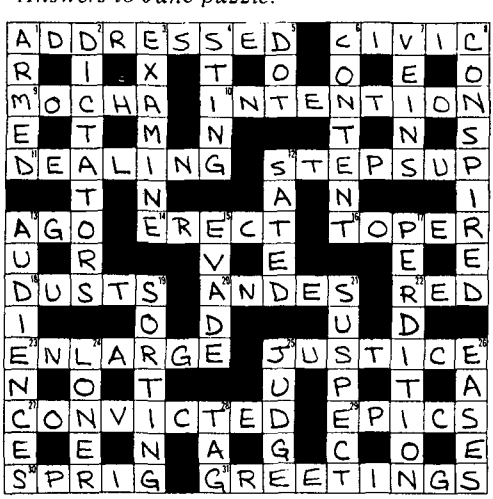
A key factor, according to Watson, is the character of the applicants. As he put it, one reason why charter requests are denied is that examiners have doubts about the "integrity" of the proposed management or they believe that the "organizers are self-serving"—as if most business ventures looked to Robert Owen for inspiration.

There is a disquieting vagueness to Watson's comments about character and integrity, especially since in many ways the Comptroller's office is more effective than character committees of local bar associations in determining who can enter the profession. Preliminary bank charters are usually granted with the stipulation "that executive management acceptable to this office will be provided."

And the Hudson Valley file indicates that the Comptroller's office does not take this responsibility lightly. (Strangely enough, there were few documents relating to personnel matters in the Ridgedale file, although the Comptroller's office claimed that it was complete.) In one memo, the Comptroller's office instructed a Hudson Valley assistant vice president, "Your employment history indicates a gap between May, 1967, and September, 1967. Please clarify." An examiner declared that the bank president "is married. . . and possesses high moral character." Chemical Bank, the current employer of the proposed president, stated that "his lending authority was $50,000, unsecured, but Chemical keeps a tight rein on lending authorities of branch personnel." There was also the reassuring word that the Hudson Valley president "is not being considered for separation in the bank's retrenchment program."

Admittedly, there are no specific examples of people being excluded

Answers to June puzzle:



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from banking because they failed to pass muster with the moral guardians in the Comptroller's office. Yet James Saxon admitted that "abuses in this area were always possible," and one of Saxon's former assistants suggestes that until a decade ago, monitoring like this tended to keep Catholics and Jews—not to mention blacks—out of banking. Even if religious or racial discrimination is a thing of the past, this scrutiny tends to weed out those apt to be heretics. Even if the Comptroller himself does little pruning, most would-be bankers are likely to get the message.

But this is not the only message in the Hudson Valley file. Just as pledge class pictures quickly evoke the norms of college fraternities, the file provides a clear, although depressing, portrait of those most likely to succeed at getting a bank charter.

The Pride of Yonkers

Although Yonkers is the fourth largest city in New York State and boasts nine banks with a total of 30 offices, in 1971 none were locally owned. To its credit, the Comptroller's office was sensitive to this problem; one memo even stated that "there is no real need for the proposed bank other than the fact that this is the only local bank in Yonkers." According to populist notions, a locally owned bank should aggressively cater to the needs of the average area bank depositor. Unfortunately, life—and particularly bank economics—tends to follow a logic uniquely its own.

According to the Comptroller's file, the genesis of the Hudson Valley National Bank had little, if anything, to do with the little man's financial problems. George Pacchiana, a retired construction company executive and described as the "driving force behind this bank," believed that the other Yonkers banks did not "give quick enough service." Rather than being piqued by long lines at the teller windows, Pacchiana was aggravated because with the existing Yonkers banks, "any large loans, etc., must go through the main office"—a real problem if you need $150,000 in a hurry. Interestingly enough, a recent article in the *Yonkers Herald-Statesman* reveals that Pacchiana's interest in banking also had a few "self-serving" motives. He now rents office space to his own bank for $50,000 a year.

But what really sold the bank examiners on the merits of the Hudson Valley application was that the "organizers are a substantial and influential group who—through their contacts—expect to bring close to $9 million in deposits into the bank." These pledges—which resemble nothing so much as a United Jewish Appeal bond drive—are a classic example of how things get done in America. Top award went to William Griffin, Abplanalp's attorney, who boasted that he would bring in $3 million "through his business, personal, *and political* contacts." The chairman of the board pledged $2 million on behalf of himself and his son. Another organizer chimed in with $500,000 "in deposits. . . from former clients who have promised accounts." And James F. X. O'Rourke, Yonkers GOP chairman and former mayor, estimated humbly that "he can bring in $250,000 from personal friends alone, and this does not include corporations, government agencies, and hospitals." Thus, these community-minded men guaranteed $9 million in deposits without dirtying their hands with money from the likes of you or me.

The moral which emerges from a trip through the Comptroller's files is murky. Despite Abplanalp's and Griffin's ties to the White House, the Hudson Valley National Bank is far from atypical—down to the racetrack which is now its largest depositor. The whole process points to the bleak conclusion that for the average bank depositor there is no way out. Either you're screwed by the corporate giants or the pillars of the local Chamber of Commerce. ■

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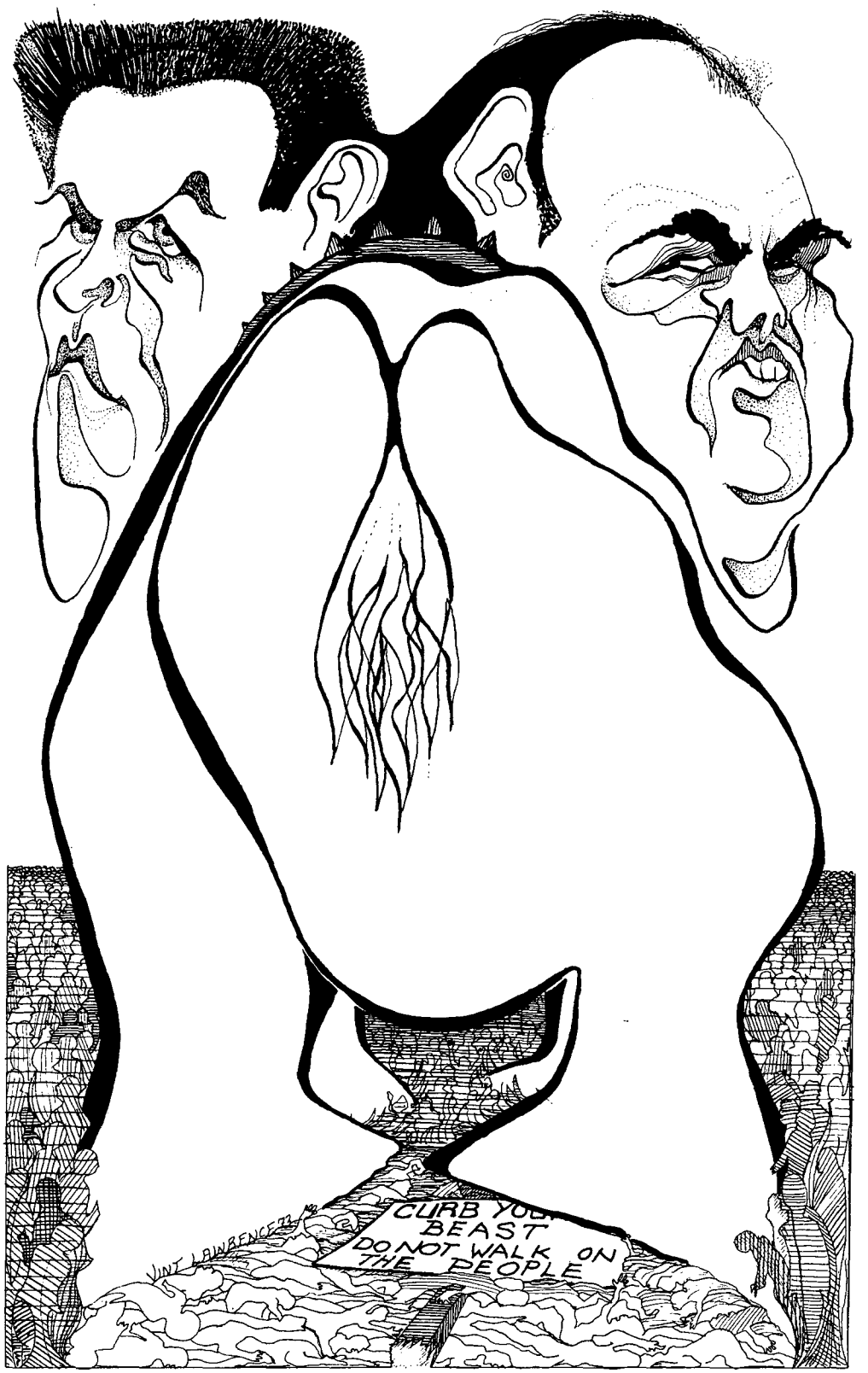

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A Democratic Vassal in King Richard's Civil Service

by Charles Markham

One of the few side benefits of the Watergate hearings, assorted grand jury investigations, and copious newspaper reports has been the fairly thorough glimpse they have provided of the paranoia and pettiness of White House life during the regime of H. R. Haldeman and John Ehrlichman. Yet even as we learn new details about the imperiousness of these former protectors of the presidential presence, we take comfort in the belief that on the less-exalted rungs of government life went on much as it always has. For as the saying goes, "administrations may come and go, but the bureaucracy endureth forever."

The following narrative is therefore disquieting not because it unveils another far-reaching scandal, but rather because it conveys, more effectively than anything else we have seen, how pervasive is the spirit of the Nixon Administration. Few of the characters in our little drama are famous; most populated the middle echelons of the White House and the Department of Housing and Urban Development (HUD), but the message is depressingly universal.

Reduced to its essence, the following account is a simple tale of almost unbelievable vindictiveness and pettiness. It revolves around the career of Thomas Langman, *who was neither an atypical civil servant nor a martyr to principle. It is the very ordinariness of the entire episode that makes the story so disturbing. Langman, it should be noted, did not know of the incidents at the time and had no part in the preparation of this article.*

Charles Markham resigned from HUD in 1972 and now lives in North Carolina.

The Langman Affair began in April, 1969. At that time I had accepted and was awaiting White House "clearance" (which I later received) for the position of Deputy to the Assistant Secretary of HUD for Metropolitan Planning and Development, Samuel C. Jackson. I had come

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to know Jackson while I was director of research for the Equal Employment Opportunity Commission (EEOC) from 1965 to 1968. During that period Jackson was a Republican commissioner at the EEOC.

My political credentials were not gilt-edged, but I was (and remain) a registered Republican. In 1968 I resigned from the EEOC and almost immediately joined the Nixon campaign as a volunteer member of the anti-vote-fraud squad—a group of attorneys whose assignment was to prevent a repeat of the 1960 election. With this somewhat partisan background, and with my vivid recollection of the six-month delay in my own "clearance" for the EEOC post in 1965 after President Johnson's henchmen learned that I was a Republican, I was in no particular mood to help undeserving Democrats retain their posts in the Nixon Administration.

One Democrat who had apparently been found undeserving at the Small Business Administration (SBA) was Thomas L. Langman, a 31-year-old "whiz kid" who had served as a special assistant to Howard Samuels when the latter was Undersecretary of Commerce and later SBA Administrator. Along with hundreds of other LBJ holdovers throughout the government, Langman was dismissed from the SBA in April, 1969. He was, of course, soon circulating his resumé elsewhere, and a copy came to the attention of Sam Jackson and myself through a mutual friend at EEOC. Langman would have been just another hungry Democrat were it not for one critical fact: before entering the government he had been employed for five years as an administrator of Reston, the new town in northern Virginia.

As Assistant Secretary, Jackson was responsible for supervising HUD's $250-million program to develop "new towns." Upon taking office, he discovered that more than 50 proposals for federal assistance to build new communities were pending and that there were only three people to review them. All three were on loan from other HUD divisions. Since Reston was one of only two existing "new towns" in the entire country at the time, someone with Langman's background was virtually a godsend.

The Langman Litany

Unfortunately, this godsend was a member of the "wrong" political party and had served in the "wrong" presidential administration. However, wise to the ways of Washington, Jackson suggested that a friendly letter from Republican Senator Jacob Javits (we were told that Langman's voting address was in New York) would do Langman's cause no harm. Technically, such a letter was not necessary under the rules for hiring established by Harry S. Flemming, the 28-year-old John Mitchell protégé to whom President Nixon had given the responsibility for political personnel matters. Also at that time, applicants for positions at Langman's level were not being scrutinized for political loyalty prior to being hired.

On May 19, 1969, Javits sent HUD the standard laudatory letter, stating that "Mr. Langman has a wealth of experience and knowledge [which] would be of considerable value to you and the Nixon Administration. I would very much appreciate your fullest consideration in utilizing Mr. Langman's talents in some suitable position."

By mid-June, Langman had received a temporary appointment and was at work in the HUD new communities office. It soon became evident that there were Republicans in Washington who did not share Senator Javits' enthusiasm for Langman's talents. Not long after Langman started work I received in rapid succession two phone calls—one from the executive assistant to HUD Secretary George Romney and the other from Harry Flemming's deputy for political personnel at HUD.

Both callers asked whether Jackson and I were aware of Langman's

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background. I assured them that we were not so naive as to have ignored his position in the previous administration, and—in what foreshadowed a seemingly endless litany over the next 15 months—I pointed out the reasons we had hired Langman: his Reston experience, the difficulty of finding another experienced applicant, Senator Javits' endorsement, and, of course, the absence of any existing directives requiring the political appointment of mid-level civil servants.

At the time, this recitation seemed sufficient to satisfy my callers, and perhaps would have remained so if Langman had not played squarely into the hands of parties even now unknown to me—who were determined to have his head. Under such intense scrutiny almost anyone would sooner or later have made a fatal misstep.

One day in mid-July, Langman overstayed his lunch hour and earned a reprimand from his new supervisors. But far more serious than Langman's tardiness was his lunchtime destination—the Senate subcommittee hearings on the Small Business Administration. Langman's explanation was that he had gone to Capitol Hill for lunch; as a former SBA employee he was interested in the hearings and had dropped in out of curiosity.

Soon the question of what Langman had dropped *at* the hearings became a matter of considerably greater urgency and uncertainty. "The White House" and "other Cabinet members," I was told, had been besieging Secretary Romney's office with charges that Langman had been publicly criticizing the Administration's SBA policies, and, in fact, had been "passing documents" to "enemies of the President" on the Senate subcommittee.

Asked what he had done to provoke such high-level indignation, Langman said that he had passed a note to a friend, a Senate employee who was sitting at the committee table.

"What did the note say?" I asked, aware that he could quite appropriately advise it was none of my damned business.

"The note said, 'Are you free for lunch?' "

(I have always assumed that some of Langman's subsequent difficulties stemmed from his choice—with characteristic brashness—of a certain well-placed, if pompous, Republican senator to pass along the note.)

The Ivy League Rebel

The SBA hearing canard had barely been given the burial it deserved when I heard of even more imaginative accusations, accompanied by demands that we "do something" about Langman. All seemed to stem from unnamed sources, outside HUD and usually said to be high in rank. One particular tale—startling for its naive assumption that such conduct was illegal or improper—was that Langman had attended a Saturday meeting of an SBA advisory committee and had been heard to make unflattering comments about the President. We found two people who were present at the meeting and who knew Langman;

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both said he was not there at any time.

Other charges against Langman came steadily to our attention. There were vague hints of a conflict of interest; we reviewed Langman's financial statement and found no reference to the company with which the alleged conflict existed. It was asserted (still by unknown forces outside the Department) that Langman had been seen at HEW some months before, participating in a demonstration against Secretary Robert Finch's anti-hunger program. This was an almost laughable basis for possible disciplinary action since the incident took place before Langman joined HUD; moreover it was well within his constitutional rights even if he had been a government employee. Even to someone like myself, with only a fleeting impression of Langman's dress, manner, Georgetown lifestyle, and 1950s' Ivy League background, his participation in such a demonstration seemed grossly improbable.

On August 5, 1969, HUD's congressional liaison added what was to be the first of several last straws. He strolled into my office and asked, "Do you have a fellow named Langman working for you? A very influential Republican senator. . ."

"Stop there," I nearly shouted. "If you're asking about the SBA hearing, the SBA committee meeting, or the HEW demonstration, tell the Senator that the first two aren't true and the third wasn't even worth checking out. Do you have any new complaints?"

To my relief he had none. I then turned to my typewriter and drafted a three-page memo to Sam Jackson insisting that if there was any legitimate ground for inquiry we should turn the problem over to professional investigators. Otherwise we should serve notice on the mysterious tale-bearers that we would ignore further repetitions of accusations which were demonstrably false. My memo concluded that either Langman was lying, there was a case of repeated mistaken identity, or, "Mr. Langman may be the innocent victim of a vendetta by highly placed persons, unusual—even by the standards of the jungle that political Washington can be—for the persistence and vindictiveness with which it has been carried on." (I believed then, and nearly four years later I am even more convinced, that the latter judgment was the correct one.) "Whatever the case," I told Jackson, "I don't want to waste any more time on this foolishness."

Heads Will Roll

For a while I received no calls or visits about Langman and I assumed that my memorandum had gone to Secretary Romney's office and achieved its purpose. Not so. In the late fall of 1969, I was summoned to the office of March Miller II, Harry Flemming's deputy in charge of HUD personnel matters. Miller asked me to look over a letter written on White House stationery from a Bruce Ladd. I had not previously heard of Ladd, who I later discovered was attached to Flemming's headquarters in the Executive Office Building.

Ladd's letter was primarily a reiteration of the familiar tales of the previous summer. There was, however, one new charge, one which was more serious, more specific, and more easily checked out than any of the other shopworn accusations which were still making the rounds. Ladd claimed that Langman had falsely stated on his government job application form that he had served in the Johnson Administration as special assistant to the Secretary of Commerce. To make false statements on these forms is a criminal offense, and Ladd reported that he had checked with high Commerce Department officials who were positive that Langman had never held such a position. At the close of his letter Ladd promised Miller that "heads will roll at HUD" if Langman weren't fired immediately.

I passed the letter back across

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Miller's desk. "The only new item," I observed, "is the Commerce Department thing. Do you have Langman's personnel file?" Miller produced it at once, and just as I suspected, about three or four easily accessible pages from the top were government personnel documents confirming Langman's appointment as special assistant to the Secretary of Commerce on March 4, 1968, and his subsequent transfer to the Undersecretary's office.

Ladd was hardly deterred by this information, and Miller later called to tell me that someone still faced the threat of the guillotine if we didn't fire Langman. At this I decided to go to Sam Jackson with the urgent suggestion that we report this whole matter to Dick Van Dusen, the Undersecretary of HUD. "Is George Romney running this Department or is Bruce Ladd running this Department? It is high time we found out which," I told Jackson. We were soon able to ask Van Dusen the same question.

Avoiding Blunders

The Undersecretary, long a political ally of George Romney, is a man of surpassing wit, tact, and integrity. Although immediately sensing the implications behind Ladd's threats, Van Dusen was far more discreet than I. Rather than calling Ladd's superior, Harry Flemming, and demanding an immediate end to such nonsense, Van Dusen merely phoned Ladd and amiably, but firmly, suggested that he keep off our backs. "We will handle the situation in our own way," Van Dusen said, adding that since Langman had Civil Service status it would be a political blunder to try to fire him.

Shortly thereafter, a departmental reorganization switched Langman from the new communities program to a general management post. Throughout this entire period I had had only limited contact with Langman, but as far as I knew, his work had been satisfactory and he had not been transferred because of poor performance. In his new position Langman was dealing with administrative matters rather than questions of policy, which should have pacified those who feared that he would undermine Republican programs.

Zionist Conspiracy

The only problem with the shift was that it disappointed both Langman, who had developed great enthusiasm for his work in the new communities program, and William Nicoson, the new communities program director, who was desperately trying to build an experienced staff. During the first six months of 1970 they both made repeated pleas for Langman to be returned to his old job. Eventually, Sam Jackson—who had apparently forgotten the earlier Van Dusen-Ladd exchanges which concluded that Langman was an internal HUD matter—gingerly approached Harry Flemming to approve Langman's return to the new communities office. In mid-July we received Flemming's answer: he would not look with favor on the move at that time because of unspecified, but derogatory, material in Langman's file. The file in question was not, of course, Langman's official government personnel folder, but a special dossier maintained in Flemming's White House office.

Reasoning that Flemming's file on Langman was probably full of undocumented and mistaken allegations of the type with which I was by then all too familiar, I suggested to Jackson that I should meet with Flemming and go over the file. Then we could probably establish—once and for all—whether Flemming's information was erroneous. Once that happened, the matter could be closed—and stay closed. Jackson agreed, conferred with Flemming, and on August 21, 1970, instructed me to telephone Bruce Ladd and arrange for an exchange of file material.

I had never met Ladd, but I could

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have anticipated his response. There was no need for a meeting about Langman's file, he said, because he had not changed his mind about Langman. But he said that if we really believed we needed Langman, I could write him a letter justifying our position and he would "think about it." Then the conversation turned, inevitably, to questions of why we had hired Langman in the first place. I repeated the ancient litany, concluding with the reference to Senator Javits' letter of recommendation.

"That doesn't mean anything," Ladd exploded. "That's just one New York Jew endorsing another New York Jew. It's the same as Strom Thurmond recommending the head of the Ku Klux Klan."

I was so stunned that I quickly ended the conversation. After two days of soul-searching, I concluded that there was but one course of action, whatever the risk. Since Jackson had just left for a vacation, I decided to exercise my legal authority, delegated by the Secretary, to return Langman to the new communities office. As far as I knew, the White House personnel staff had never insisted on political clearance for transferring employees holding Civil Service appointments unless a promotion was involved. There was no question in my mind that the continued White House interference in Langman's case was the type of political discrimination clearly forbidden by law.

Many other considerations influenced my thoughts in those two days. The entire Langman affair, with all its ramifications, had become an outrage defying description. Ladd's remark was not only offensive, but it also reflected an attitude which had no place in the White House, let alone in its personnel office. The continuing harassment of high HUD officials had long since become intolerable, and the interminable series of deliberately false, or at minimum, half-baked accusations against Langman was not merely irresponsible but downright silly. Basic issues of civil liberties were also involved, and as I was to write Van Dusen a few days later:

> Appointees in executive positions have not merely the *right* but the *duty* to challenge—to the presidential level, if necessary—decisions ostensibly made in the President's name when it is clear that such decisions are based on totally erroneous information. This is particularly true in an area as important and as sensitive as that in which Messrs. Flemming and Ladd serve, where reliance upon inaccurate information, failure adequately to evaluate charges, and "jumping to conclusions" can have most serious consequences for and throughout the Administration.

Finally, for me there was the highly personal issue of my obligations and perhaps conflicting interests as a political appointee serving at the pleasure of the President; as a citizen with respect for the law; and as a human being with, I hope, at least an average allotment of ethical values. I was deeply disappointed in myself for not having refused long ago to participate in this absurd charade; there is, after all, a limit to what one should do out of respect for the concerns of one's superiors. I had reached that limit.

Protective Reaction

The first order of business the following morning, Thursday, August 27, 1970, was the formal transfer of Tom Langman to the new communities staff. I then drafted, signed, and mailed to Harry Flemming an "addressee's eyes only" letter. I made no reference to Ladd's remark, to civil liberties, or to other philosophical considerations, preferring to have the written record confined to the issues of my legal authority. I set forth my authority for this move, Langman's Civil Service rights, the background of his appointment, and my conviction that the best interests of the Administration and HUD would be served by the transfer. I also sought to satisfy Flemming that Langman in no way could influence Administration policy

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in the new communities program. I gave Dick Van Dusen, the Undersecretary, a copy of my letter, and he assured me he approved of my decision.

Flemming apparently passed the letter on to Ladd, who responded by telephone the next day. He was hardly calling to dispense the milk of human kindness. He said that he was "provoked as hell," that I had directly violated his intentions, and that it was not Langman, but I, who would be subject to the "next action."

My answer was direct, but restrained: "I have made this decision. I believe I have the authority to make such a decision, and I am sticking by it. The Undersecretary told me he approved of it. If you have anything further to say, you can take it up with him. Good-bye."

Within the hour, I received a command to appear before Harry Flemming at the White House on Monday, August 31, at 10 a.m. When I arrived, Ladd was waiting as well. I explained to Flemming the full circumstances of the case in chronological order since April, 1969. I sensed that neither the legal nor the philosophical values involved were of any importance to him, so in closing I decided to appeal to the one instinct to which I suspected those in the President's retinue would respond.

Ladd's remark about Senator Javits, I said, was not only personally repugnant to me, but also dangerous in a political sense. For all Bruce Ladd knew, I might have been Jewish myself, perhaps even a relative of the Senator. If Ladd would make such a comment to an utter stranger, he might do so again in circumstances where the newspapers would get wind of it, to the severe detriment of the President and his party in an election year.

Continuing this line of argument, I stressed that in light of Ladd's display of bad judgment, my assessment of Langman's case should be granted greater weight than his, since I was being more "protective" of the

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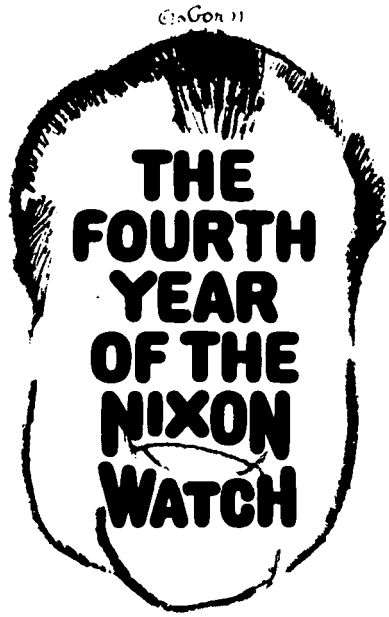

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President. I mentioned that this phone conversation had not been Ladd's only indiscretion. I had been told that Ladd had met Langman's wife at a recent cocktail party and had puzzled her by saying, "I hear Tom's been behaving himself lately." I added that if Langman ever learned the full story, and if Langman's connections with prominent Democrats were as close as his unseen enemies suspected, the newspapers would have a field day with the entire episode.

Flemming, who remained impassive during the entire conference, disavowed any concern about the press and emphasized that, as the President's deputy on personnel affairs, he spoke for the President and his wishes must be respected. From a folder in front of him, he extracted a couple of new charges against Langman. (Later checking proved them to be totally inaccurate.) As I left, Flemming urged me rather earnestly to reconsider my position. I thanked him for his time and the opportunity to explain my decision.

I had no further confrontations with Flemming and Ladd. I do know that Dick Van Dusen resisted a command by Flemming to come to the White House to discuss my future. Within a month or so, however, it was clear that I would remain at HUD and that Langman would remain in the new communities office. I experienced no exultation at the outcome of the Langman affair. Satisfaction at the resolution of a long and exasperating bureaucratic skirmish and a renewed faith that decency, once in a while, could prevail, yes; but not delight. I was prepared—and had expected—to walk the plank, but I would do so *not* for Tom Langman, who was not an intimate or even a friend, but because I resented bullying from any quarter and because I had certain personal principles about courage and cowardice in the bureaucracy. Perhaps uniquely among those who appeared to defy the White House staff, I was not asked to pay the ultimate price for my heresy.

And so the story ends, devoid of climax or clear resolution. Thomas Langman is still with the new communities program in HUD; this article will be the first time he learns about the controversy over his employment. Harry Flemming left the White House shortly after the events here described, turning over his personnel functions to Frederick Malek and Daniel Kingsley. Another of the principals, Bruce Ladd, also left the White House and became a deputy assistant secretary at—of all places—the Department of State.

While Markham did not suffer the most obvious form of retaliation for his defense of Langman, it is hard for him to forget that he has irritated the White House. Before resigning from HUD in May, 1972, he failed in an attempt to return to the Equal Employment Opportunity Commission as executive director. Although he was told that he was EEOC Chairman William Brown's first choice for the job, and although he had the endorsement of Republican Senators Scott, Thurmond, Pearson, and Javits, Markham didn't get the job. Brown told him that, under orders from Malek and Kingsley, Markham's application had not been considered.

It might be wrong to draw wild inferences from this episode, or Markham's experiences since his return to North Carolina—a congressional candidate refused his offer of full-time volunteer help, a U.S. attorney ignored Markham's application after saying he was "desperate" for a chief deputy. Yet, if there is a lesson to the Langman story, it is that simply because such inferences sound implausibly petty and vindictive, they cannot be dismissed.

Among his souvenirs of the Langman affair is a book Markham received from Bill Nicoson, a HUD colleague. The book, about the Johnson Administration, is entitled Crisis in Credibility: An Investigation into Secrecy and Deceit in the United States Government.*" Its author is Bruce Ladd.* ■

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"Making It" Revisited: Nader, Podhoretz, and Morris

by James Fallows

Last May *The Washington Post* sponsored a luncheon at which the authors of four recently published books discussed their works. One of the four was Willie Morris, whose first novel, *The Last of the Southern Girls*, had just come out. Even those who admire Morris, as I do, must acknowledge that the book is no masterpiece. At best, it is a rather ordinary rendering of contemporary Washington; at worst, ladies-magazine melodrama. Yet at the luncheon Morris spoke not as a writer whose mark on fiction was still to be made, but as if he had just been awarded the Nobel Prize. Asking questions such as why the South produced all our great writers ("I feel I am the last to know that South,") or what drove critics to cut down greatness when it appeared ("They called Faulkner a Gothic; my friend Bill Styron's *Nat Turner* was 'paternalistic' "), Morris grasped for the hands of the Southern Greats, attempting to link his name with those of Faulkner and Wolfe and Styron. Almost nothing in his speech was about his book; nearly all concerned his place in the Southern *Pleiade*.

It was a saddening experience, because what had happened to Morris seemed so clear. The value he appeared to emphasize was no longer his work but his reputation; he seemed more intent on being called a "great writer" than in writing great literature. The shortcomings which would be inevitable in any first novel were impossible for him to admit, as if doing so would cut away his standing among the Greats. In comparison with his earlier writing, Morris' goal seemed to have changed, from expressing a message to projecting himself, from "doing it" to "making it."

Morris' transformation struck me because it recalled a similar change I had observed—indeed, been part of—in an institution far removed from the world of literature and luncheons.

James Fallows is an editor of The Washington Monthly.

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During the summer of 1969 I came to Washington to work as an investigator for Ralph Nader. My elation as I drove into the city was out of all proportion to the work I was actually going to do, investigating the U. S. Department of Agriculture's civil rights policies. What appealed to me, and to the hundred other students shipped in from Cambridge, New Haven, and a few other points, was our new identity as Nader's Raiders.

The previous summer the Pioneer Chapter of Raiders had won glory for themselves by turning up crooks and alcoholics in unlikely corners of the Federal Trade Commission. Part of that glory might be ours.

During the next two months we rarely had an opportunity to forget that we had, at least temporarily, become celebrities. TV news cameras filmed us as we stood outside federal buildings, civil servants staring down from the windows as we announced that they were stupid and slow. When the Agriculture Department stalled in answering our demands for information, we rolled out the big gun, Nader himself, to confront the Secretary. At periodic meetings within the Nader organization we were reminded that the government, apparently grasping for ways to stop us, might stoop to planting marijuana in our dorms or otherwise discrediting us. *Life* sent Jack Newfield to profile this selfless new breed of social reformers, and clerks in the Agriculture library, who until we spoke had taken us for part of their routine 4-H clientele, ran squealing to their bosses when we announced that we were working for Nader.

The daily duties, apart from servicing the press, often varied between the frustrating and the dull. But this we were prepared to endure: after all, Nader had warned us that anyone seriously concerned with turning the government upside down must spend 90 per cent of his time with the memoranda, statistical charts, and other narcotic effluvia with which the government hopes to distract critics by paralyzing them. And even though we could see that our efforts would not be rewarded with immediate reforms, Nader gave us the sense that each fact we discovered, each bit of public interest pressure we applied, brought the country that much nearer honest government. In our eyes, the two months of hard work and the publicity that accompanied it amounted to virtue appropriately recognized.

One year later, Nader's stock was still on the rise, and many more students discovered that they, too, were concerned about clean government. Youth hostels all over Europe stood empty as young people poured into Washington and the other Nader headquarters to study institutions that ranged from the Atomic Energy Commission to the State of Maine. With a dozen other Raiders, I spent the summer in Savannah, Georgia. There the lack of competition enhanced our relative fame. Compared to our counterparts working under Nader's thumb in Washington, we were able to live at a less than frantic pace. We went for picnics in Savannah's beautiful swamplands and admitted to ourselves, when we weren't denouncing the pollution in the area, that Savannah was one of the few pleasant cities left in the nation. The local reaction, even while hostile, only increased our sense of importance. Where else could we walk into a bank and, simply by exhibiting the signature on our paychecks, induce twinkles in the tellers' eyes?

Undone by Pavlov

Reentering the Nader headquarters several years later was like walking in on a movie being shown to an empty house. Technically, everything was fine, but something important had disappeared. It was not Nader's impact that had vanished, for in its effect on the government, Nader's organization had grown stronger each year.

But something had happened to

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the kids. The students who three or four years earlier would have been eager to earn a Nader Raider recommendation for their graduate school applications now turned to studying abroad or working in the summers to earn money. For the first time in five years, in 1973 Nader is not sponsoring any major student projects.

It cannot have been the content or conditions of the work that drove the students away. While the Nader organization has the predictable defects of any institution run on principles inherited from the Hapsburg monarchy, these tendencies had never before deterred applicants. What had changed was the public recognition accorded to Nader's Raiders. The contrast between Nader's early targets, such as the Corvair, and some of the more recent manifestations of his work, such as the seat-belt buzzers now being installed in automobiles, helps explain why the students have left.

The buzzer is a device some General Motors psychologist might have invented if he had wanted to induce a Pavlovian hatred of Nader among the public. It is symbolic of incipient distrust of its public-interest advocates—a distrust of reformers who seem to attack fat-filled hotdogs and lethal working conditions with equal intensity. Although the Nader organization is doing the same work as before—and doing it more successfully—the public perception has changed. No longer perceived as the embodiment of tough, selfless intelligence, the Raiders now seem slightly queer.

None of this daunts Nader, who has been considered odd before and can endure it again; to incredulous interviewers he has always explained that 10 years from now he will be doing just what he does today, whether his work attracts students or not. From his perspective, the loss of chic may actually be an advantage, since it ensures that those who now apply will be attracted by the work rather than the celebrity. To Nader, the student defection may amount to a separation of wheat from chaff, men from boys, "public citizens" from Joe Publics.

But it also represents a disturbing judgment on the "committed" generation of the sixties: it suggests that the students' text was not Nader's citizen action manuals but Jerry Rubin's example of political stardom. In fact, a book published more than six years ago may give the best insight into what has happened not only to the Nader organization, but also to Willie Morris and many of the rest of us in our careers. In 1967, Norman Podhoretz gave us his autobiography, *Making It*, a book that stands as the philosophical pole to Nader's beliefs. The book's premise was that "success"—which Podhoretz defined in a peculiar and revealing way—has replaced sex as America's dirty little secret. We are no longer afraid to admit our sensual lusts, but few will confess how deep is their hunger for a big name. To expose the secret, Podhoretz proposed to tell his own story—how he rose to success and fame as editor of *Commentary*.

Now *Commentary* is a respectable magazine, and its editorship a position of responsibility, but something here rings phony. The amount of success involved is much more modest than the book suggests, as if the Second District Congressman from Utah wrote a confessional entitled "How I Rose to Political Fame." Famous is precisely what he is not, but it is what he hopes to become after writing the book. For all the purported self-revelation, Podhoretz never managed to admit the most transparent of his motives: the world of Manhattan and the Jewish literati is rarified but. . . well, small, and Podhoretz wanted to move on, to become known by *Time* and the folks Out There as the man who told all about literature.

Podhoretz's dishonesty was a direct result of the way he defined success. The book's title is a good way of summing up what he saw as America's secret goal: "making it"

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means fame, adulation, a name in the street. In one passage, by no means unfairly selected, Podhoretz described in the third person what making it meant to him as a young writer:

> [The writer] gets fan mail from strangers and invitations to glamorous parties; publishers write him letters expressing the hope that he will consider signing up with them. . . and they take him out to lunch in expensive restaurants. . . magazine editors ask him to contribute and television producers ask him to appear; his pieces get reprinted in anthologies and colleagues request him to lecture; his name begins to be mentioned in articles, always respectfully and sometimes more glowingly than that. At the publisher's cocktail parties, to which he is still new and green enough to want to go, he comes upon an increasing number of people who have read his work and who are only too happy to tell him how brilliant they think he is; and the girls at those parties. . . looking at him in a way girls have not looked at him before.

If it is impossible to imagine Nader speaking in quite the same terms—writing in his memoirs, "And then, my face appeared on the cover of *Time*, and I hadn't been so pleased since the day the Gallup poll pronounced me a saint"—it is because he seems to judge his success internally. When he knows he is doing it, it matters little whether he is seen to be making it or not. For Podhoretz, "success" is a refracted quality, existing only when passed through the perception of other people. To the old question of whether a tree falling in a deserted forest would make any noise, since no one would be there to hear it, Podhoretz would have to answer no; his definition of making it requires a marquee, and fans standing around to look at the name in lights.

A Lifetime of Report Cards

Of course, the lines between making it and doing it are extremely subtle, and to present anyone, even Nader or Podhoretz, as embodying either trend in its pure form is to risk caricature. But distinguishing between the two impulses may be a useful way of understanding not only politics and literature but also tensions many of us feel in our own work.

In the Nader organization, for example, the component of doing it has been constant and high. Compared to nearly anyone in government except those in the White House and a few timeless congressmen, the public-interest lobbyists have good reason to feel they influence events. In the rest of the government futility is often the dominant emotion: the assistant can't do what the boss doesn't like, and the boss can't do what he wants because it's against the agency policy or because he's up for reelection next year. By contrast, Nader's power to criticize and expose looks more and more impressive.

Yet the Nader Raiders' commitment to doing it was made more palatable by the substantial measure of accompanying fame. Near the end of our Savannah project we prepared a complaint against our enemy, a large paper company. Before delivering it to the district attorney we called the local television station to make sure they would be on hand to record the event. As Nader's representatives we could justify such behavior by reasoning that we were only serving as vehicles for the Cause. Naturally the vehicle argument was easier to accept when it meant personal recognition for us instead of the unsung labor many of Nader's current employees perform.

As the proportion of making it to doing it began to fall in the Nader organization, the college students were naturally the first to turn away. "Naturally," because if there is any period of life in which Podhoretz's course is more logical than Nader's it is the years one spends in the educational system. As students rise through high school and college and graduate schools they have little choice but to judge themselves on reflected criteria. The pre-adult lack of firm internal standards may be part of the explanation, but more important is the weight such external

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judgments as grades, awards, offices, and the like carry. A calculating student, realistically appraising the grounds on which he will be admitted to college or graduate school—and on which he will afterwards be able to choose his work—will conclude that unless he is the new Babe Ruth or in direct line to big money, he needs to carry with him the kind of notarized intellectual pedigree that grade point averages and "extra-curricular" achievements provide. Hence the joy and pain when grades are distributed at schools, and the previously untapped energy released at examination time. (If we had really wanted to beat the Vietcong, we would have sent a bunch of pre-meds over there and told them they'd be graded on their performance.) Hence, too, the defection from Nader when he no longer offered an attractive addition to the pedigree.

The radical suggestion in Podhoretz's book was that life never changes after schooltime, that the report cards and admissions tests continue to be important to us until we die. Once out into Podhoretz's world the writer must struggle to become known as a "capital-'W' " writer, to be called "the best. . . " just as his teachers used to call him "the best student in the class." No doubt Podhoretz has identified a true human phenomenon. Long before him, Joseph Wood Krutch pointed out the difference between those who want to write and those who want to have written. But years after its publication the two basic errors of Podhoretz's book have largely been left uncorrected: the first is the implication that making it is primarily the privilege and curse of the creative elite; the second, that the hunger for fame, like the hunger for sex, is suppressed only at severe cost to body and soul.

Part of the Big Picture

There are different planes of ambition in the world; clearly the Hollywood actress needs something

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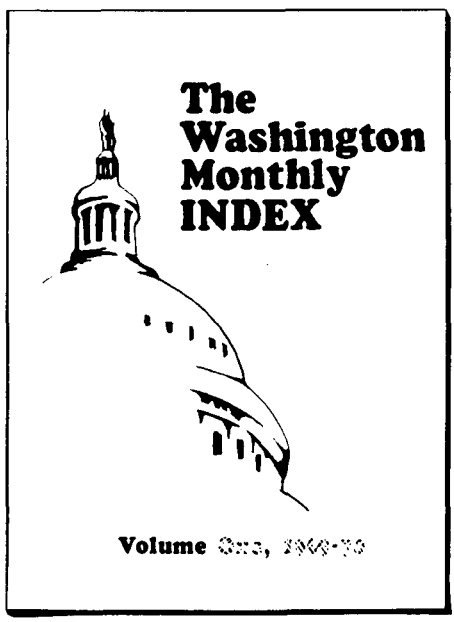

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different to keep herself going than does the routine businessman. But both demand some measure of respect. For the businessman respect means making it with his peers, being known as the best salesman in the district or the best tennis player in the neighborhood. This is different from the "public" professions—literature and the arts, big-league sports, politics—for which the audience is far larger, society as a whole.

Anyone who enters these fields draws some satisfaction from being part of the Big Picture, however insignificant his individual role may be. To maintain a reputation in politics and literature one must worry about the large questions, those that rarely intrude into one's everyday life. By contrast, those in the private professions often make their goal the perfection of the conditions they encounter each day. People in the first category will write about educational policy; those in the second will teach school. For many in the public professions, a return to unrecognized, private efforts carries a threat of personal diminution. Even though the circulation of this magazine is smaller than that of many local papers, most people who write for it feel more important because they are addressing a "national" audience.

There is a consequent distinction between the public and private professions in the way their members earn respect from the public. A good name within the profession is as important to the writer as to the banker; even those whose self-esteem depends most heavily on popular approval, writers, actors, and politicians, find public fame less satisfying when their friends are not impressed. But when the *private* trades go public, they convey their reputation through professional labels rather than personal achievements. You can't say at a party, "I just drew the best highway plans in the division," so you say, "I'm in engineering." Thus people once liked to label themselves as being "in computers" or "on the White House staff," or "with Ralph Nader."

Few things match the discomfort of having an obscure label, one which leaves the bearer anonymous. Among the reasons for the growth of large corporations, one of the most neglected may be the personal preference for saying, "I'm with Polaroid" instead of "I work for Ace Ball Bearings." This is not likely to change until conversations between strangers begin, "What do you think" instead of "Who are you with?"

Sinking with the Superstars

But if we are all trying to present an impressive image, some of us are trying harder than others. The contrasts are clearest in the public professions, for only there are motives even partly revealed. In Congress, all Members must by definition promote themselves to survive, yet the ratio of self-promotion to accomplishment varies. Some are so grateful to be known as senators that they ask nothing more; others want to make a name as champions of a cause. Opposing pairs come to mind: Rep. Donald Fraser has worked hard for liberal causes without becoming a liberal celebrity, while Rep. Les Aspin keeps the mimeograph machines hot with announcements of his liberal activities. The difference may be due to seniority—Fraser is relatively established and Aspin is a newcomer who feels he must become well-known to survive—but the classic congressional contrast between "workhorses" and "showhorses" also applies.

The motives in writing are even more convoluted, for while each writer has a politician's stake in his own name (few will write without bylines, or at least without the sense that their professional friends will know where the article came from) they lack elections as an excuse for regular self-promotion. Another contrasting pair suggests that there is a valid distinction between those who are mainly making it and those with other motives: William Shawn and

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Willie Morris, Shawn devoting himself to perfecting the prose in *The New Yorker* without having his name appear in the magazine, Morris creating a superstar system of journalism during his four years as editor of *Harper's*.

This illustration makes clear that the drawback of making it is not shoddy performance; under Morris' editorship, with such names as David Halberstam and Norman Mailer featured as Big Writers, *Harper's* offered exciting journalism. But Morris was spending exorbitant sums in order to treat his contributors like Writers. When the publishers forced him out in 1971, Morris and his defenders pleaded editorial freedom; but they could probably have continued to put out the same message if they hadn't insisted on being paid in a fashion that proved they were making it.

And the writing that Writers produce is not always as fine as that in the old *Harper's*. Since turning to fiction, Morris has unfortunately chosen as his goal becoming a Novelist rather than writing novels. That he is capable of meriting the acclaim he seeks I have no doubt, for his autobiography, *North Toward Home*, is one of the finest books I have read. It is possible, too, that his tragedy at *Harper's* has made him anxious for the more immediate celebrity his novel provides—movie rights sold before publication, excerpts in the ladies' magazines. But his hunger for becoming a Writer has made Morris betray his best writing.

To avoid a holy tone I should confess that Morris' error may be considered a purely tactical one. If he really wanted to come back strong after his *Harper's* debacle, he should have realized that the target audience was his old friends in the New York literary circles rather than the readers of *McCall's*. If he had labored these two years on *New York Review* essays he would by now be certified as a Writer and Intellectual rather than a sell-out. There are, of course, advantages that only the bestseller list can provide: being recognized on the street and interviewed on the TV talk shows. Like Podhoretz, Morris may have chosen these as his goal. *The Last of the Southern Girls* may not have advanced Morris within the Manhattan intellectual circles, but it earned him a "Willie Morris Day" in his hometown, Yazoo, Mississippi, with national TV there for the event.

Even for those aiming at the *New York Review* audience rather than the middlebrows, a concentration on making it can lead to an erratic aim. Ideas go in and out of fashion, while the problems of the real world are more stable. The political fatigue of men like Nader arises not so much from their despair about the great American public as from their acute awareness of the intelligentsia's short attention span. The Writers became bored with the war as they are now bored with poverty; soon they will be bored with work problems and women's rights, as well. This is a sensitive issue for anyone involved in publications, for part of the function of a magazine is to keep providing new ideas. The goal should be to offer new ways of thinking about the problems that endure. Graduate students are easily ridiculed for the arcane research they undertake; simply because no one has investigated the 1823 treaty between England and Portugal, it becomes a good topic for a thesis. In many ways journalism is not so different, with Writers hunting for new ways to earn their degree.

Professors on Pension

One bright spot is that writers, like politicians and athletes, are under constant pressure to perform. They are not in the position of the academics who often illustrate the worst dangers of prestige without accountability. Raw reputation can take one farther in academia than elsewhere; since academic status is

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based as much on "ability" as achievement, early reports of brilliance or mediocrity can become self-fulfilling. The student who arrives amid rumors of genius may find his simplest utterings given oracular significance; when he becomes an instructor who never quite manages to get his thoughts together on paper, his colleagues may feel, "Ah, but when he finally does put it down, it will be brilliant." Those whose test scores revealed them as "average" can be dismissed as over-industrious grinds if they do more work than the brilliant. This process culminates in the tenured chairs: once there, a professor is entitled to a guaranteed annual income of prestige for the rest of his days. The temptation to live solely on this dividend is especially strong for those whose early work was distinguished. Nothing they do afterwards can add greatly to their reputation of brilliance, and a failure to perform will diminish their standing but slightly.

Short of holding an emeritus position like Edmund Wilson's, or being appointed to the Supreme Court, a writer or politician never attains the tenured form of making it. The question he faces is not "how good are you?" but "how good have you been lately?" A finite period of grace separates his required performances—a period in which he can enjoy his reflected glory, accept congratulations for his work. One way to distinguish between motives is to ask what goes on during the grace period. Some people perform in order to earn this little spell of respect, and then grow nervous when they see their credit is about to run out; others find their motives more internally.

Although the names and illustrations are harder to find, similar situations prevail in most forms of work. In General Electric, the Philadelphia school system, real estate offices, and the Army and suburban developments all over the country there are the Morrises and Naders, the Shawns and the Podhoretzes. The dividing lines may take on different configurations, but the same basic distinctions apply. Some people write memos or go for big salaries because these are the paths to making it; others sacrifice some of the money and reputation for enjoyment of the function.

The reason for pointing out this distinction is not that making it is evil and doing it is good, but because too often the difference becomes blurred. In choosing our paths we forget that there is a choice, forget to ask why a certain job or title has become important. For many of those who have remained aware of the choice, succeeding in *private* life is as important as succeeding in public. Family life—the proper raising of children as opposed to the deliberate display of children and possessions—is an antithesis of making it, a task as important as any imaginable but one accorded little public acclaim. If parents find it worthwhile to invest themselves in this fundamentally private activity, the temptations toward making it may be less strong. Children too will feel the effect: the child whose parents have assured him that, whatever he eventually does, he will be successful in their eyes is freer to choose his path without constantly watching for the reflection from the public.

In the end, the reason to insist on the choice between making it and doing it is that no one can make it for long. What can match the disappointment of the man who tries to sell out and finds no buyers? Or the writer who has entrusted his self-respect to public acclaim and finds it vanishing?

Shortly before his death, feeling his powers go, William Butler Yeats wrote in "The Circus Animals' Desertion,"

> Now that my ladder's gone
> I must lie down where all the ladders start
> In the foul rag-and-bone shop of the heart.

We all return there eventually and must make our peace with it. ■

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What Happens When America Runs Out of Leftovers

by David Weisbrod

When Benjamin Franklin walked the streets of Philadelphia delivering little lectures on self-improvement to urchins particularly notable for their wretchedness, he gave us an important lesson in practical charity. It is better to do good on a main street at high noon than in some back alley at midnight, and it is easier to give away something in abundant supply—like advice or *Poor Richard's Almanack*—than to part with goods more precious to the giver. If the Good Samaritan had adopted this philosophy, he probably would have hired a PR man and waited for the news photographers to arrive before he did his stuff. And if Franklin were alive today, he would probably be working as a lobbyist for the Food for Peace program, America's answer to the old dilemma of how to look good while actually doing good.

Around the world, Food for Peace—frequently identified as "PL 480," its legal name—is associated with the clasped-hands emblem that adorns the sacks of wheat and tubs of vegetable oil the U. S. sells at cut-rate, or "concessional," prices to developing countries. Since the program's creation in 1954, some $21-billion worth of food—mainly grains, dairy products, oils, and even some tobacco—has been shipped from America's stockpiles to the hungry nations of the world. If these efforts have not made local Food for Peace representatives into deities in the host countries, they have at least won for the program an aura of saintliness otherwise absent in our foreign activities.

This humanitarianism is best displayed during the periodic famines and other natural catastrophes which afflict so much of the world. Crises like these create the opportunity for dramatic television footage of American helicopters dropping sacks of grain to villagers isolated by monsoon or enfeebled by drought. The first of the great emergency projects was Lyndon Johnson's attempt in the mid-sixties to save India from famine.

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As one of the results of that effort, Congress amended the Food for Peace Act in 1966, adding an explicit commitment "to combat hunger and malnutrition and to encourage economic development in the developing countries." More recently, the U. S. has rushed emergency aid to countries like Bangladesh, Nicaragua, and Peru.

Despite its track record, PL 480 is far from a government-sponsored Red Cross. In fact, the origins of Food for Peace had far less to do with the peasants of India than with those of Iowa and Texas.

In this year of the Great Meat Panic, it is hard to recall that until recently the Secretary of Agriculture's biggest worry was how to keep America's farmers from producing more food than the nation's grain elevators could store. Shipping the excess food abroad was one convenient way to deal with the farm problem. There were apparent benefits for all. Farmers would have a reason to keep busy producing food instead of just collecting subsidies for holding land out of production. The government could play Lady Bountiful to the countries of the Third World, using cheap food as one more weapon in the world-wide struggle for hearts and minds of men. And the taxpayer, always made uncomfortable by the image of rotting surplus food, could derive some satisfaction from seeing our farm program finally being put to some good use.

This tripartite appeal made PL 480 one of the least controversial programs passed by Congress each year. The farm lobby raved about it and both the liberal and conservative politicians saw their own angles in the program. "We have great difficulty with the foreign aid program," Senator Hubert Humphrey, chairman of the Foreign Agricultural Policy subcommittee, has said, "but [against] PL 480 we only get three or six votes."

As long as the American "farm problem" was surplus rather than shortage, PL 480 seemed a model foreign aid program, since no one suffered and everyone gained. Yet the apparent simplicity of the program's

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something-for-nothing appeal concealed a grave conceptual danger—in the long run most serious proposals for aid to the impoverished involve some sacrifice on the part of the rich. Despite the ease with which it has taken on humanitarian overtones, Food for Peace has never outgrown its commercial focus nor contemplated its future when its usefulness as an outlet for farm surplus would be over.

With the worst world-wide food shortage in many years now upon us, the flaws in the Food for Peace rationale have become apparent. Crop failures in most of the world's major food-producing areas made the 1972 harvest the worst in 21 years. The limited grain reserves held by the U. S. were quickly claimed by buyers willing to pay prices far higher than those charged PL 480 customers. Transactions like the Russian grain deal (the largest grain sale in history) have brought the U. S. reserves too near the "optimum" point for Secretary of Agriculture Earl Butz's comfort. As a first step, Butz has reduced the amount of grain available for PL 480 shipments this year by 12 per cent, from 5 million to 4.4 million tons. Meanwhile, the budget bureau, which four years ago began viewing PL 480 as an inflationary burden, has set strict limits on the money available for Food for Peace, allowing no leeway for the 17 per cent rise in grain prices foreseen in fiscal year 1974. Consequently, even if limitless supplies of grain were available, the Office of Management and Budget (OMB) fund ceilings would still curtail the number of subsidized shipments under PL 480.

Agriculture officials refuse to discuss the total amount of this year's reduction, maintaining that the information is privileged, but for the coming fiscal year, Title II—which offers food entirely free of charge—has been slashed by more than 30 per cent. Although Congress has authorized up to $600 million a year for Title II, OMB has approved only $266 million.

Bounty Along the Volga

The erosion of Food for Peace programs has provoked some criticism that commercial considerations are subverting America's traditional role as the world's granary-of-last-resort. Senator Edward Kennedy has complained that we seem "more interested in selling our surplus grains than in fulfilling the high purposes of the Food for Peace program," and Les Brown, who was the Johnson Administration's Food for Peace expert, noted that, "for the past 25 years it has been American policy to intervene with our food resources anywhere that famine threatens. Suddenly there is the possibility that we may be abandoning that."

But many liberals seem less interested in feeding the hungry than in finding a scapegoat for rising food prices. For example, Rep. Lester Wolff has introduced legislation calling for sweeping prohibitions of all food exports until sufficient supply is

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exports until sufficient supply is on on hand in the United States to meet domestic needs. And a study prepared for Senator William Proxmire's Joint Economic Committee has recommended that PL 480 credits be limited if domestic meat production does not increase.

Even more striking is the attitude of the Department of Agriculture (USDA), which looks at PL 480 as just another weapon in the fight against the farm surplus, equivalent in importance to peanut-subsidy payments and the school lunch program. Ten years ago USDA disposed of much more food under PL 480 than the giant agricultural companies managed to sell abroad. Now the ratio has been reversed, and the Agriculture Department is pleased. Laurel Meade, the Department's Food for Peace specialist, recently gave Congress a report which made PL 480 appear to be part of an enormous "Buy America" strategy:

By putting these commodities into these countries through PL 480 we teach those people how to deal with our American trade. We teach them our methods of trading. We get them accustomed to using our commodities and gradually, as their economic capability improves, they shift over to a commercial basis.

If the American farm lobbies could count on annual Russian crop failures, they would have no further use for Food for Peace. But the suspicion that next year the harvest may be bountiful along the Volga has inspired a horde of American farm groups—ranging from the American Soybean Association to the Poultry and Egg Institute of America to the California Cling Peach Advisory Board—to lobby for a four-year extension of PL 480. They have been joined by voluntary agencies such as CARE, Hadassah, Lutheran World Relief, and Church World Service.

Yet as long as food prices resemble the gold market, Food for Peace will remain vulnerable to even more drastic cuts. Agency for International Development (AID) officials are beginning to find their work difficult because of the anticipated cuts in PL 480. Even in Laos, where American aid programs, protected by military priorities, are relatively sacrosanct, those parts of the Food for Peace program which do not contribute to the war against communism are in serious jeopardy. Last April 7, AID's Laos mission director, Charles Mann, relayed his concern in a cable to senior AID officials. Particularly disturbed by a reported powdered milk shortage which he said would seriously affect the refugee program, Mann described the Food for Peace cutback as, "a shocking realization at a rather late date in the planning process with what could be serious consequences."

No Threat From Upper Volta

Such selective reductions in PL 480 operations highlight what may be the program's most serious shortcoming—the use of food as a cold war weapon. For years, substantial por-

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tions of Food for Peace allotments have been earmarked by the National Security Council (NSC) for countries which were deemed pivotal for American security interests.

"Normally," explained a NSC staff member, "there are adequate PL 480 resources to go around. But as we move into a period where U. S. agricultural products are in greater demand, the NSC has become involved in the process of determining who gets what. This year a fairly substantial proportion of PL 480 falls into the NSC interest."

Although the NSC declines to produce figures, other government sources say that in the coming fiscal year $696 million of the $830 million allocated for the program's Title I, or "credit," sales falls into a special "presidential priority" category. Of this, $300 million is for "supporting assistance" to just seven countries—Cambodia, Israel, Jordan, Laos, Malta, Thailand, and, of course, South Vietnam. The criteria determining which countries receive food aid for national security reasons are vague, but two factors seem to weigh most heavily: the size of the country and the degree to which food shortages could produce political instability.

"Obviously," said a NSC source, "there are quite a number of countries where food shortages become a matter of riots in the streets, a matter of political rise and fall. And obviously, countries like Indonesia with 100 million people are more important than countries like Upper Volta."

This emphasis on security assistance has prodded Rep. James Johnson, a freshman member of the House Agriculture Committee, to wonder aloud, "Is it not true when you look down the figures—Korea gets $207 million, Vietnam $96 million, Cambodia $36 million—is it not true that this is not really a program that is designed to feed hungry children, starving children, as much as a foreign aid program that is in conjunction with our military aid?"

Of course, when cuts in the program are necessary, they involve only the humanitarian projects—those not protected by a "presidential priority." Several chiefs of state have made gentle protests to President Nixon, but most of the affected countries, aware of the distorted priorities of American aid, have registered neither surprise nor complaint. Some of the official silence may be due to fears that any comment might be misinterpreted and provoke the unpredictable U. S. government into cutting off the aid altogether.

Bolivia is one country, however, where embassy officials were willing to openly discuss the reductions. "In December, 1972," said the Bolivian Economic Minister, "we signed in La Paz an agreement for 100,000 tons of wheat: 48,000 tons were to be shipped by June 30, and the remaining 52,000 tons were to be shipped in the second part of the year. But instead of a purchase authorization for 48,000 tons, the Department of Agriculture gave us one for only 29,100 tons. Our country has made commitments and plans based on the original agreement, and now we find suddenly that we aren't going to get what we've been expecting. It's really a problem."

India's Embarrassment

Not all countries have been as heartbroken as the Bolivians to see the shipments reduced. India, for example, announced in 1971—five years after American food had rescued it from a terrifying famine—that it would not buy on credit from the Food for Peace program. Even now, while facing a famine more serious than any except in Northern Africa, India is depleting its meager foreign currency reserves to buy food at commercial rates rather than turning to the U. S. for concessional sales.

Why? The answer not only reveals one of the most important weaknesses of the Food for Peace program, but also illustrates the fears—fear of

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indenture, fear of lost initiative—that any aid relationship creates in the recipient. India's decision arose from two sources. One was PL 480's "credit" system, under which recipient countries borrowed money for the food shipments and repaid it in local currencies. Although the rules were changed last year to require repayment in dollars, the U. S. had already built up enormous surpluses of exotic currencies like rupees and cedis. These currency caches are usually turned over to U. S. agencies abroad, where they are used to finance programs ranging from building military housing to buying foreign publications for the Library of Congress. Recently, these Food for Peace funds have been used to buy military clothing in Vietnam, to pay military costs in Korea, and to provide combat pay allowances in Cambodia.

While some of these projects, like disaster relief, may be beneficial to the host country, many foreign governments are wary of large quantities of their currency coming under American control. As India watched the U. S. accumulate its present $312-million hoard of rupees, it began to criticize PL 480 as an unendurable interference in India's domestic affairs. "It's not only the embarrassment of a country that's 70 percent peasant not being able to feed itself," said an Indian diplomat. "There's also the allegation that a lot of American students and professors financed by PL 480 are CIA agents. The sooner we can get this out of our system, the better."

Although financing was part of the problem, another, older wound to her national pride also weighed in India's decision. In 1966 Lyndon Johnson gave India a taste of the same welfare paternalism that many beneficiaries of Great Society domestic poverty programs came to resent. Pursuing what he called a "short-tether" policy, Johnson released food shipments in tiny driblets, demanding each time some modification in Indian agricultural policy. The food eventually got to the peasants, but the delays and constant necessity for hat-in-hand appeals to the U. S. angered the Indian administrators.

"More than anything else, it was President Johnson's deliberately tough stance that is responsible for the attitude we now have," said a high-level official at the Indian embassy, explaining his country's refusal to participate in the concessional sales program. "I think the result was a good one. It has fostered self-sufficiency. It has also created a certain psychosis among us about the way U. S. administrators give their bounty."

While there are some justifications for India's complaints, this sort of heavy-handed meddling is not necessarily an inherent part of the Food for Peace program. With one third of all U. S. development assistance consisting of agricultural products, PL 480 remains one of the most important international resource transfers undertaken by the American government. Instead of dismissing the program because it has become commercially inconvenient or because we resent the cold war overtures, we should re-think the program to preserve its most useful features while removing the needless irritants.

The genius of our Food for Peace program is its potential to meet with almost exquisite symmetry some of the needs of both the relatively wealthy farmers in America and the poor peasants abroad. As long as food production here is bountiful, an excess will be available. Over the last two decades our farm subsidy programs have idled 50 million of the nation's 350 million acres of cropland; if necessary, we could easily expand output. But right now, and at other times of shortage, special arrangements may be necessary; we may need to trade dollars to save lives. In the end, if the world-wide food shortages persist, how we harness our phenomenal food-growing capacity may be one of the most important decisions we make. ■

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Grumman Couldn't Bear It: The F-14 Story

by Duane Yorke

Since the closing days of the Eisenhower Administration the Navy has been shopping around for a plane to stand guard over its aircraft carriers. Why America needs aircraft carriers at all has never been entirely clear, but this has not daunted the Navy, Congress, or the White House. Given the aircraft carriers, the need for the fighter plane seems equally axiomatic. Except for a $1-billion price tag—they cost $55 million during World War II—the aircraft carriers have presented relatively few production problems. On the other hand, building the new fighter plane has proven to be a protean nightmare, especially since it now costs 300 times more than its World War II counterpart. The scandal-ridden TFX of the early 1960s blossomed into the disastrous F-111B and has now yielded to the F-14.

The story of the F-14 and its predecessors may be depressingly familiar, but alas, it is still instructive. The basic plot is no different from a dozen other vignettes of weapons procurement in the sixties: a hopelessly unrealistic contract meets rising costs and technological roadblocks; the taxpayers' money is wasted, the manufacturer is virtually ruined, and the customer—in this case the Navy—ends up with some shiny bits of half-useful gadgetry. Amid the soul-searching and the scramble for cover after the debacle, the Pentagon and Congress blame—and revise—contract procurement methods, accept (for a time) the strictures of technology, and may even briefly ostracize a particularly inept or greedy manufacturer. The F-14 disaster demonstrates, however, that the causes of procurement disasters transcend difficulties with cost curves, swing-wing technology, or the Grumman Aircraft Corporation. Technical problems and faulty contracts are merely symptoms of a larger disease. As long as our attention remains fixed on them, the Pentagon can keep justifying new projects, arguing that *next* time technology will work and costs will be kept under control. This wasteful cycle will stop only when outsiders—both Congress and the public—take the trouble to master the obscure jargon and realize that what's going on is nothing more than an immensely wasteful public-works project.

Duane Yorke is a former Grumman engineer and Wall Street analyst.

Going Out with a Bang

Anyone visiting the Grumman Corporation in the mid-sixties would have found a solid corporate citizen. In the turbulent aerospace industry, here, it seemed, was a sturdy, if relatively small, island of stability. Grumman boasted a reputation for honesty and competence, a reputation buttressed by 40 consecutive years of profits.

Most of Grumman's senior executives sat serenely on the edge of

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retirement, anticipating the easy years of relaxation that they felt they so richly deserved. They wanted but one more corporate triumph to embellish their twilight years, something to secure their niche in aerospace history and give Grumman the basis for another generation of profits.The F-14 was to be their final triumph.

It looked easy. The customer was the Navy; this would be like building a house for your brother. Since the 1920s the Navy and Grumman had collaborated closely on a long series of successful fighter planes. The Navy's top aviators could always find a corporate home at Grumman after leaving the service. Technically, the F-14 seemed routine. True, it would have a "variable sweep" wing, but Grumman had had five years of experience with the swing-wing as a subcontractor on the doomed TFX. Grumman's engineers felt they had diagnosed and cured all the TFX's flaws. Preliminary designs for what became the F-14 had been on Grumman's drawing boards since 1964. Not only would they build the F-14, they would sell the planes like hotcakes. The Navy envisioned a program of more than 700 planes, at a total cost exceeding $8 billion. For the retiring generation of Grumman executives, the F-14 would provide a spectacular exit.

Now, five years later, their golden dreams lie shattered. The story is like that of the third-string college quarterback who gets his big chance late in the third quarter, with the team behind 20 to 0. Envisioning three touchdown passes and a dramatic 21 to 20 victory, the quarterback dreams of a pro contract. Reality intervenes, of course, as he's intercepted twice, and the final score is 34 to 0.

The F-14 is to Grumman what interceptions are to quarterbacks. The production run is now assured only through 134 planes, at which point the company claims it will have incurred a pre-tax loss of $205 million. Admittedly, if the Navy buys more planes, Grumman will get more—just how much depends on the outcome of complex negotiations still in progress as this article goes to press. Pentagon officials now swear they will give Grumman only enough extra money to assure the company's survival.

Technically, the F-14 is an even *worse* plane than the TFX, the disaster it was designed to replace. To cite one example, the original TFX specifications called for a plane that could "loiter" for four hours at a stretch. The F-14's limit will probably be 2.8 hours. Financially, the F-14 is enough to create a wave of nostalgia for the "inexpensive" days of Robert McNamara. Even under the original F-14 contract—which the Navy has agreed to abandon after the 134th plane—the price of the fighter is nearly twice that of the TFX. And the TFX had exceeded its own original cost estimates by 100 per cent.

By agreeing to reopen the contract

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with Grumman, the Navy has maneuvered itself into a corner from which there is no graceful escape. If it stops buying the plane, the cost of each of the Navy's 134 F-14s will appear to be an astronomical $25 million, because all of the $1.4 billion in research and development costs will be spread over a much smaller production run. But, if the Navy decides to go ahead and order an additional 179 planes, the program's total costs will probably balloon to at least $1 billion more than the original contract price of $5.3 billion.

A Lemon All Its Own

The genesis of the F-14 project lay less in the poor performance of the TFX—though the plane was indeed a lemon—than the Navy's indestructible obsession to have a glamorous new jet all its own. In the TFX project—which was supposed to provide a common fighter for both the Navy and the Air Force—the Navy had to tag along behind the Air Force; before making most major decisions on their plane, the Admirals had to go check with the Air Force's research and development headquarters. The Navy did this with as much grace and good humor as Chiang Kai-shek recognizing the mainland government.

When the Navy—aided by congressional investigators—finally succeeded in scuttling the TFX (also known as the F-111), Grumman was virtually the preordained choice to build a successor. Since the beginning of World War II, Grumman had been designing planes for the Navy. Despite the recent disputes that have developed between the Pentagon and Grumman over the F-14's price, no one should doubt the strength of the Grumman-Navy alliance. The F-14 may have had its difficulties, but for the Navy it was always better than what it replaced, the dreaded multi-Service plane. So, throughout the recent cost controversy, the Pentagon has carefully avoided declaring Grumman in default on its contract—a legal step that might shut down the assembly line and turn the F-14 into a museum piece.

What made the Grumman-Navy alliance less fruitful than the early days was a new element in the equation: corporate senility. Corporations, like people, lose touch with reality. It's a slow, almost imperceptible process. The company's lapses into fantasy and fiction often seem only momentary, but, like humans, senile corporations live in the world of the past. Illustrations abound: power companies that plan new generator projects as if environmentalists didn't exist; automobile companies that build big cars when customers want little cars. Companies that grow senile are usually either shocked back into the present or go bankrupt; it's still unclear which way Grumman will fall.

Grumman's executives lost touch with reality in two areas—technology and politics. The first proved fatal for the F-14, the second for Grumman's finances.

Aviation's Hoola Hoop

The main technological blunder was the selection of the swing-wing. Scientists and engineers are not immune to fads, and the swing-wing was the great rage of the early sixties among aeronautical engineers. In theory, it promised the best of two worlds: at low speeds its outstretched wings would give greater "lift," resulting in lower fuel consumption; at high speeds the wings would fold snugly into the fuselage, reducing the plane's drag. By 1968 this attractive theory had been battered by practical experience. Boeing was in the process of abandoning the swing-wing design for its supersonic transport, and General Dynamics had learned the sobering lesson of the TFX. Grumman ignored all this.

The swing-wing is a classical technological booby-trap—beguilingly attractive in theory, but devastatingly destructive in practice. Its popularity in the late fifties and early sixties

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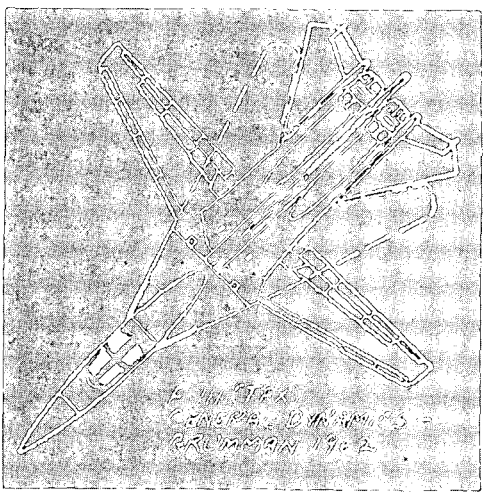
stemmed from a series of experiments carried out at NASA's Langley, Virginia, research laboratories. Until these experiments, the swing-wing appeared impractical because everyone assumed that the wings would have to be rotated from a central pivot position located in the front of the fuselage; such a pivot would be too big and bulky and would throw off the plane's balance. But the NASA experiments showed that each wing could be made to pivot on smaller joints lo-



cated in the wings themselves; that discovery breathed new life into the swing-wing theory. The theoretical advantage of lower fuel-per-mile consumption than fixed-wing planes at both low and high speeds looked tempting. Since Langley, Virginia, was also the home base of the Air Force's Tactical Air Command, the Air Force quickly adopted the swing-wing gospel and based its TFX specifications on the assumption that without a swing-wing the new plane would be passing up a major technological blessing.

Yet, after more than a decade of tinkering with this idea, the swing-wing's advantages have proved remarkably elusive. The reasons for the failure are not hard to understand. The joint at mid-wing inevitably adds to the weight of the wing—not just because it is an extra part, but also because additional structural reinforcement in other areas of the wing is necessary to compensate for the joint. The extra weight and altered aerodynamics of the wing increases the "drag," thus offsetting most of the swing-wing's theoretical gain.

There is another problem. The swing-wing school of aeronautical engineering argues that, all other things being equal, a plane with a swing-wing can stay in the air longer. Again, the reasoning is simple: with its wings outstretched, the swing-wing plane should be able to cruise more efficiently at low speeds than other planes, and the savings in fuel should allow it to stay in the air longer. In practice, it isn't so simple. This advantage disappears rather quickly as cruise speed is increased and the variable sweep wing retracts. At higher speeds the swing-wing moves to an angle like that of a normal fixed-wing plane—and at that point, a good fixed wing will always be a little stronger, allowing the plane to fly a little faster and more efficiently.

With their experience on the TFX, Grumman's executives weren't oblivious to the drawbacks of the swing-wing. So why did they stick with it?

There was, to be sure, an element of inertia. The swing-wing was available; the proposal for the F-14 was an updated version of design No. 303, which Grumman made in the early sixties in preparation for the TFX competition. Grumman ultimately discarded this and replaced it with another design proposal, No. 310, which was eventually accepted for the TFX. Rather than start from scratch, Grumman thought it could take a shortcut by going back to its earlier design.

But more fundamentally, the selection of the swing-wing typified the chummy, uncritical relationship that had grown up between the Navy and Grumman: each reinforced the other's fantasies. By 1968 both were infatuated with the swing-wing. They were still smarting from their subordinate role in the TFX affair and fervently wanted to prove that they could succeed where the Air Force and General Dynamics had failed. Since

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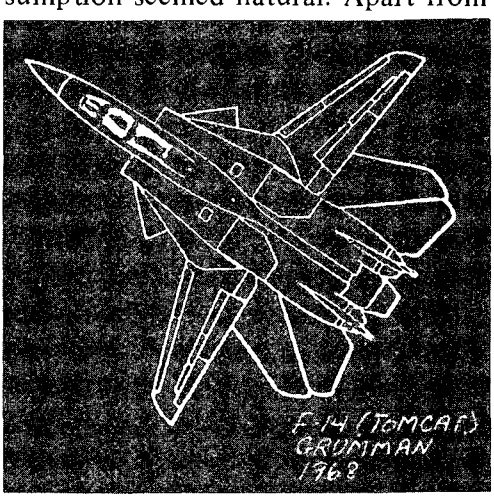
both failure of the TFX and success of the F-14 were being judged by the partisan eyes of the Navy, "success" was assured, no matter what happened.

The Navy Will Provide

Grumman's political and financial blunders were even more serious than its technological error. From beginning to end the company placed blind faith in the Navy. Almost everything that Grumman did—negotiating loosely with subcontractors, making a huge last-minute reduction in its bid price, and making unrealistically low estimates of the effect inflation would have had on the contract—seems to have been based on the assumption, admittedly reasonable in light of past experience, that whenever these steps led to trouble, the Navy would come to the rescue.

To Grumman's executives the assumption seemed natural. Apart from



the impressive history of Navy-Grumman cooperation, there was also the strong bond of the TFX legacy. Just as the Navy had seethed in its subordinate role to the Air Force, so Grumman had yearned to get out from under General Dynamics. As an "associate" contractor, Grumman was responsible for about 10 per cent of the airframe costs on the TFX. After a while it was playing the game both ways, collecting every cent it could from the TFX project but also leaking reports of the TFX's flaws to its Navy friends at the Pentagon. Even before Congress formally canceled the TFX contract in 1968, the Navy had given Grumman a $1.75-million contract to study an alternative design for a purely Navy jet.

From this experience, Grumman's executives credited the Navy with a degree of influence which, in the perspective of time, now seems excessive. Their mistake was in thinking that the Navy could keep bailing them out, despite the increasing impatience of both Congress and the public about mounting weapons costs. In its calculated gambles on the F-14, Grumman was counting on the Navy to cover its losses—and while the Navy would no doubt have loved to oblige, it had lost some of its earlier autonomy.

The first signs of trouble surfaced in early 1969, only months after the Navy and Grumman had signed the F-14 contract. During that period Grumman negotiated dozens of separate deals with its subcontractors—but at prices that were $300 million higher than the estimates Grumman had used in computing its own contract price to the Navy.

Only someone who had flunked first-grade arithmetic could have missed the implications of this. In fact, Grumman warned the Navy about the increased subcontract prices; but from congressional testimony, it appears that the company's letter of warning was simply a perfunctory form of self-protection and that Grumman executives still had faith that whenever the problems reached a critical stage, the Navy would make the necessary contractual adjustments.

In fact, in 1969 neither the Navy's contracting officer nor Grumman had any real interest in confronting serious problems in the F-14 program. Most large bureaucratic undertakings, especially defense projects, eventually become races against disaster. Troubles are bound to arise sometime, so the key to survival is to get the program

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moving as quickly as possible and not advertise mistakes. The project's growing momentum—be it in dollars, time, or simply bureaucratic prestige—then makes it more difficult for critics to argue for a halt. This logic, not naiveté, best explains Grumman's behavior.

When it submitted its bid, Grumman, of course, should have had a good idea of what its subcontracts would cost. The usual procedure is this: before a potential "prime" contractor makes a bid to the Defense Department, it settles on preliminary cost estimates with its major subcontractors for the purpose of submitting a realistic bid. These estimates involve a "should not exceed" figure—that is, the subcontractor says that for such-and-such a job, the cost "should not exceed" a certain price. Often, in the final negotiation after an award, the prime contractor—now with life-or-death control over a huge flow of funds—is able to knock that price down. With Grumman, the opposite happened. For work originally estimated at $818 million, the company signed contracts totaling $1.1 billion, a 35 percent increase.

In a total project budget of $5.3 billion, $300 million may not seem like much, but in this case, the $5.3-billion total was misleading. Of that, $1.4 billion was for initial research and development; about half of the remainder (for the production of the aircraft) represented so-called "GFE" (Government Furnished Equipment), for which the government assumed direct financial responsibility. So, with a total production budget of less than $4 billion and half of that outside Grumman's control, the $300-million overrun was no tiny mistake.

Had anyone cared to look, he could easily have discovered other evidence in 1969 indicating the flimsy financial underpinning of the F-14 program. Two pieces of evidence, especially, showed how much reliance Grumman had placed on the Navy.

▪Between October, 1968, when Grumman gave its first set of proposals to the Navy, and December of the same year, when Grumman made its final submission, the company knocked its bid price down by $474 million. Just why it did so is still a mystery, but it's difficult to avoid the suspicion that somehow the Navy signaled Grumman that no harm would come to it if it reduced its price. Grumman has repeatedly denied that this cut represented a traditional "buy in," explaining the change as follows: $112 million in reallocation of overhead (which meant, in effect, that most of the cost was simply being billed to other government programs); $165 million in elimination of an extra layer of Grumman profit on parts supplied by subcontractors; and the rest from the elimination of a double-contingency fund to cover parts supplied for subcontractors. Thus, Grumman argued, it never actually lowered estimates of out-of-pocket costs but simply took away some of the financial padding. That could only mean one of two things, each with damning implications: either the revised, lower bid was irresponsible—that is, there wasn't enough padding left to cover prudent risks; or the first bid contained an unconscionably large profit margin—which Grumman expected the Navy to wink at.

▪Grumman's forecasts of the impact of inflation were unrealistic to a degree that should have been foreseen at the time. This error is particularly intriguing in light of the company's subsequent arguments that inflation was the main culprit in the overruns. To produce its inflation estimates, the company took aerospace labor and material costs over the preceding decade, derived an average, and then projected the average throughout the life of the proposed contract. That yielded an estimated annual increase of three per cent in labor costs and two per cent in material costs. What this ignored, of course, was the fundamental shift in the economy; in late 1968 the rate of inflation was rising, not falling. If the rate had been three per cent in the preceding years, it would

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likely be four or five per cent within the lifespan of the contract.

Right Through the Roof

Starting with these unrealistic planning estimates, Grumman proceeded to create new problems in the actual development and production of the F-14. The full story of how this happened may never be known unless Congress orders the Government Accounting Office to conduct a full-scale investigation. Until then, it's only possible to hazard a few guesses at what really went wrong.

Remember, first, that all major military contracts contain two basic types of price goals—the "target" price and the "ceiling" price, which is the maximum allowed under the contract. In the case of the F-14, the ceiling was 25 per cent more than the target. If the contractor exceeds the target, he shares the extra cost with the government. The gap between the target and the ceiling is supposed to allow for unforeseen problems; all of Grumman's and the Navy's troubles stem from the fact that the company had shot right through the ceiling and entered the area where all extra costs must be borne by the contractor.

An illustration from the Apollo program may explain what happened. Grumman was one of the major contractors for Apollo, responsible for designing and building the lunar module (LEM). The company's publicists rarely tire of touting this accomplishment, but in fact, Apollo was a breeding ground for inefficiency. No one knew how much it should cost to go to the moon, and James Webb, NASA's director during the program's critical early stages, was shrewd enough not to set any inflexible, well-publicized price limitations. With the national ego firmly committed to a moon landing, aerospace companies built up enormous staffs of engineers and technicians and sent the bill to Webb. Grumman executives played this game as well as anyone else, confidently expecting that the company's huge overhead could be sustained in the future by an ongoing stream of government contracts.

They were wrong on two counts. First, the work simply didn't materialize. In its F-14 contract proposal, Grumman estimated that it would have a total "business base" of 50 million man-hours in the seventies; in fact, the base is turning out to be about half of that. Second, building an airplane, even a military plane, is not like going to the moon; it has been done before, and even admirals have a foggy notion of what it should cost. In short, Apollo left Grumman with a huge overhead and no place to hide it.

Squeezed between unrelenting pressure to cut the overhead and the logic of Parkinson's law, Grumman's executives bowed to Parkinson. With more people to do the job, everyone simply did less. After this goes on for a while, company executives begin to see it as "normal," making it impossible for them to envision, much less execute, big reductions in the company's engineering and design staffs. Between 1969 and 1973, when its business dropped by roughly 30 per cent, from $1.1 billion to $800 million, Grumman's work force fell from about 36,000 to 22,000. By contrast, the Boeing Company—mainly dependent on commercial work, with little government backup—faced a similar 30-percent drop in 1970-71 and ruthlessly cut its work force from 95,000 to 32,000. All this means that inflation may have compounded Grumman's problems, but it did not cause them.

Anything Must Be Better Than TFX

It would be unfair to spare Congress its share of the blame. The irony of Congress' position cannot have escaped anyone on Capitol Hill. The F-14 was one of the by-products of the monumental congressional investigation of the TFX.

The study, conducted by Senator John McClellan, deeply embarrassed

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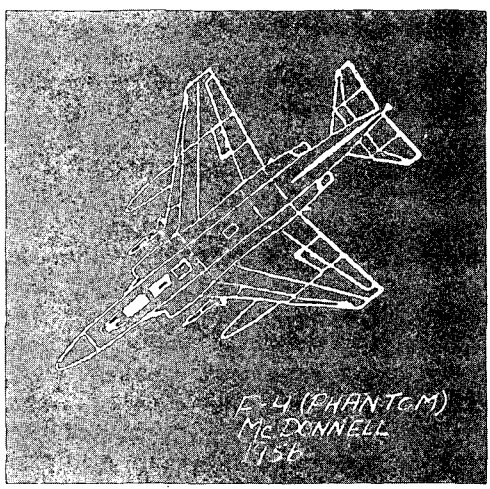
Robert McNamara's Pentagon. When Congress finally canceled the Navy version of the TFX, it was, as the final McClellan report noted, an action of "historic significance: no other major weapons program had ever been terminated by Congress over the objections of the civilians in charge of the Department of Defense." And it is precisely this history that left many senior members of Congress—especially those embroiled in the TFX controversy—kindly disposed to the F-14: it would be the final and irrefutable proof that their decision to cancel the TFX had been correct.

The TFX investigation was impressively exhaustive, but its disheartening lesson is that Congress—even when it unearths the right facts—often settles on the wrong conclusions. Superficially, the central moral they drew from the debris of the TFX seems sound: one plane could not be twisted to do the jobs of two separate services, the Navy and the Air Force.

Unfortunately, this plausible notion collides squarely with the facts that were available at the time. While the McClellan committee was pondering the TFX, the Navy and the Air Force were proving that one plane *could* meet both their needs by buying hundreds of McDonnell Douglas F-4s, which are now the backbone of both their fighter fleets. Simultaneously, the F-4 was being purchased —and fitted for a variety of defense roles—by Israel, Iran, Britain, West Germany, Japan, Spain, Turkey, and Greece. So the TFX's failure was not inherent in the multi-Service concept, but in the subtleties of Pentagon-contractor relationships.

Will Congress be any more perceptive in the conclusions it draws from the F-14? Probably not. First, it may decide that the plane is simply a job badly botched. That's true, but meaningless. It implies that everything would have been all right if the contract had been awarded to someone else. Even though another company might have done a better management job, everything would not have been all right.

Second, and rather less likely, Congress might conclude that it had been sold a bill of goods by the Navy and Grumman. The Navy has justified the F-14 on the grounds that it can carry new highly sophisticated missiles and radar. Similar equipment could have been installed in existing aircraft at a fraction of the cost. But that would have satisfied neither the Navy's craving for a new jet nor Grumman's need for a contract. The danger, then, is that in contemplating the F-14, Congress will miss the central point, which is: big weapons programs have reached a point of diminishing returns and have become "make-work" projects. To camouflage this fact, the Pentagon and defense con-



tractors devise increasingly intricate "requirements" to justify new weapons—requirements that often have to be altered or abandoned to economize once costs begin running out of control.

Criticism of past projects has produced a massive retreat from reality in the defense establishment. The various competitive checks and balances within the industry have failed. There is no contingency plan to replace the F-14, and it has become virtual treason to discuss shortcomings. Before, there was very little incentive or motivation to economize or control costs. With this new protective "sweetheart" arrangement, there is none. ■

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Beyond Boredom - A Look at What's New on the Assembly Line

by Daniel Zwerdling

Until AT&T's "Work Itself" program came to North Virginia Bell two years ago, operator Mary Fiala had to raise her hand every time she needed to go to the bathroom. "This used to irritate the girls—oh, they just hated it," she says. But now, explained regional manager Charles Pfautz, "We tell them, 'Get up from the switchboard and go by yourself.' " In the old days, operators passed emergency calls to their supervisors—now they can handle the calls themselves. Operators now keep their own attendance records, and when answering calls they no longer have to use canned phrases. They can "say it like it is."

"What we're talking about here is a complete change," said Pfautz, "the employees managing themselves instead of being managed." Work Itself, says Mary Fiala, "makes it just a little bit easier to work here."

Daniel Zwerdling is a Washington writer. Part of the research for this article was done on a Ford Foundation grant.

AT&T's "humanizing work" is a vague concept which has mushroomed in just two years from the theories of social scientists into one of the most vaunted—and volatile—work issues in years. It grows from the notion that much work is now inhuman—boring, monotonous, stiflingly rigid—and that many American workers are dissatisfied with the quality of their working lives. A recent HEW report, *Work in America*, suggests that to bring contentment and psychological well-being, companies must redesign jobs so workers no longer feel like soulless cogs in a vast corporate machine.

Two years ago scarcely anybody had heard of humanization of work, but now it's a social fad. The subject has appeared as a *Newsweek* cover story, as a documentary on NBC's *First Tuesday*, and as massive research grants from the Ford Foundation—all barometers of social acceptance. The Productivity Commission is giving grants to major corporations and unions who want to redesign jobs to improve the quality of work. Humanization of work celebrated its big

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debut last March: 250 executives gathered in the chandeliered splendor of the New York Hilton to hear a dozen companies including Chase Manhattan, AT&T, and General Foods, testify how *they* have humanized work. Senators Ted Kennedy and Charles Percy delivered the keynote speeches. The issue is clearly hot politics.

But behind this PR veneer the corporations, the government, and the unions are scared. When the HEW report was published, the White House tried to freeze it with silence, and Labor Department officials hoped that "if we'd all stop writing about the problem it would go away." While some companies are displaying their humanization of work programs like a United Givers Fund button (*I* humanized work), most of the 100 or so corporations conducting experiments are keeping them secret. A top United Automobile Workers official confided that the UAW "has dozens of experiments going with General Motors," but he added sharply, "This information is not for public consumption, understand? This conversation did not take place."

This conflict of emotions suggests that humanization of work is much more than a simple reformist movement. If the corporations play the right game, they hope, humanization of work will provide the key to greater profits: workers will be contented, toil harder, and never go on strike. Productivity will soar. But if they lose control, the corporations fear, the humanization movement could "open a Pandora's box from which there's no return," as Edwin Mills, director of the U. S. Productivity Commission's Quality of Work program explained. "Pretty soon you'll have the workers managing the managers. It's a first step toward encroaching on management's prerogative of controlling and directing the means of production."

The workers stand to gain substantially from the humanization of work movement—but only if they, and the unions, shape the issue as just one element in a long-range strategy for achieving increased workers' rights and control. So far, management has

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taken all the initiative and talks about humanization of work like some technological fix that can simply be installed on the production floor.

Salvation through Grommets

John Rudisill, now manager of the Corning Corporation's electronics plant in Medford, Massachusetts, remembered his shock when he walked into a television assembly plant several years ago: "The girls were literally sitting shoulder to shoulder at an assembly line. . . . I never saw a girl move her hands so fast in my life." It was American efficiency at its best—and worst. "When the whistle blew you could almost feel the vacuum as people rushed out the factory door."

Assembly lines at the Medford plant have now disappeared and workers put together component parts at their own workbenches. They seem enthusiastic about the changes: some hang "brag tags" bearing their names on finished products, such as blood-gas analyzers, as if they were works of art. The women who assemble hot-plates (there are only six) package and send them directly to the customers without passing through quality inspection control. The women in the glass lathing department get work assignments in four-week blocks, doing the day-to-day scheduling pretty much on their own.

When employees think a small change in a product's design or assembly method will work better, they're encouraged to try it. "We were having problems with these grommets," an electrode assembler told me, "so we suggested that they make a trough in the plastic, like this, which would improve air flow. So they tried it, and it works, and that's the way they've made them since."

By increasing worker responsibility, Corning has managed to eliminate all foremen. Although the size of the plant has doubled in the last few years, the company has cut the number of department managers from three to two. Rudisill sometimes munches donuts with the employees, and as he strolls through the plant everyone calls him John. A production supervisor reports, "I can't remember the last time I had a labor problem." Productivity and quality have never been better, but Rudisill won't give out any figures.

Corning's Medford plant is always near the top of the corporate conference lists as a model example of humanization. When the company began cautiously tinkering with work design six years ago, the idea was seen as dangerously radical. But national acceptance of the concept has grown.

The business world knows, deep in its boardrooms, that it faces a profound crisis. Bureau of Labor statistics show that absenteeism has soared 35 per cent since 1961 and annual turnover in the auto industry, for one, has topped 100 per cent (costing General Motors at least $79 million per year, according to a company bulletin). An increasing degree of sabotage is costly, (General Foods dumped a huge batch of dog food when it came out green one day), and so is the use of drugs (15 per cent of the members of a UAW local surveyed at random take heroin). "*The best advice is this*," the conservative Research Institute of America advises executives, "accept malaise as a fact." As the Corning Corporation's behavioral psychologist Michael Beers warns, "unless the initiative is taken by management, the risk of more chronic and less profitable change will be increased."

Ping-Pong Productivity

Each company which says it is humanizing work develops its own interpretations of what "humanizing" means. The New York banks and insurance companies, for example, are embracing "job enrichment" in their white-collar factories, where pools of labor—mostly women and minorities—have for years churned out paper forms like parts on an assembly line. Their actual work hasn't changed, but management has distributed it differ-

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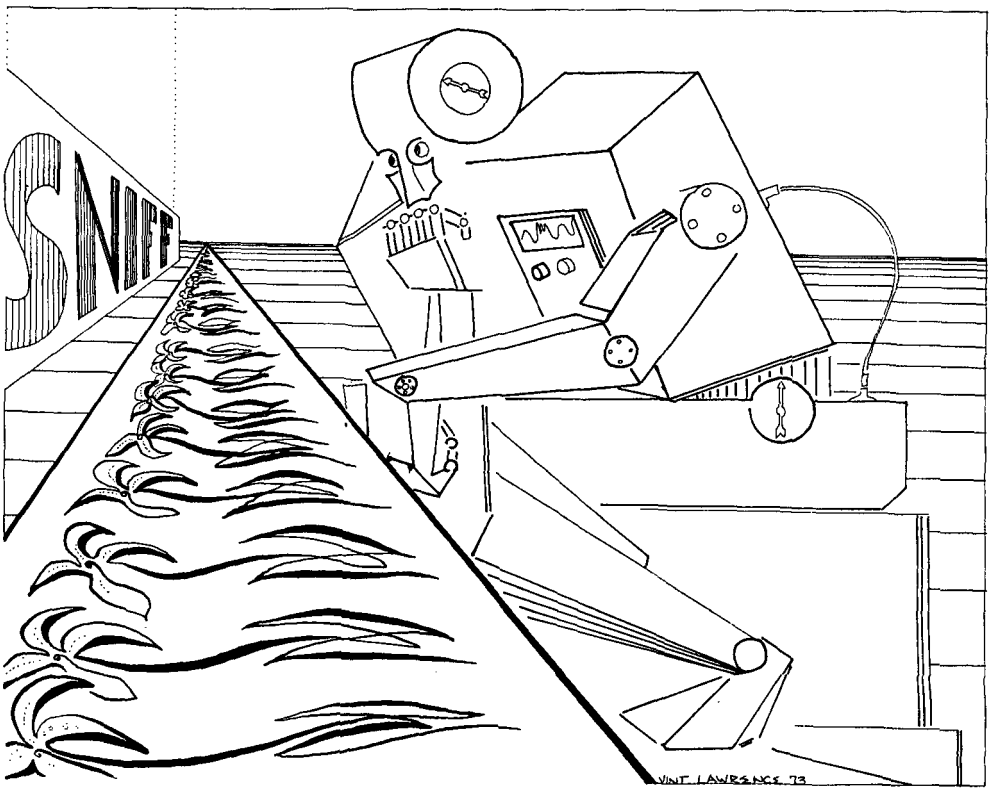
ently among the workers so each one takes on a more varied and less disjointed set of responsibilities. At Bankers Trust, a single stock transfer once passed through the hands of six different workers: one received the order, one typed it, one keypunched it, one checked it—on and on. The new, more individualized work flow is supposed to give them a feeling of ownership and expanded responsibility.

Other companies are tinkering a bit more with the way the work is actually done. Ford Motor, for example, lets workers—only 18 of them—assemble dashboard units for low volume, luxury-line cars on their own. General Motors is experimenting with a team-assembly approach in its new mobile homes (see box). All these projects involve piecemeal changes here and there in the production process—as at Ford, one corner of a room can be "humanized" while the system is not.

But the biggest changes so far have come through the "socio-technical" approach. The company designs a system to promote a sense of worker autonomy and involvement from the ground up. The socio-technical system par excellence is General Foods' dog food plant in Topeka, Kansas. It starts operating the moment workers arrive at work: same parking lot for managers and workers, same entrance adorned with a beautiful mural, same decor in the management and production crew cafeterias. Workers have locker rooms with showers and carpets and ping-pong tables to encourage them to spend more time together and talk about work.

The factory really started working about six months before it was even built. Employees attended seminars and discussed the new concept with management consultants. It's a highly automated plant—and the company had to deliberately de-automate some jobs so workers could have more things to control. The dog food production and packaging lines are run with little supervision, and workers



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take turns inspecting the food in quality-control labs on their own. Management encourages workers to learn different jobs, and pays them more as they do.

But the key to the Topeka plant centers not so much on the way the jobs are done as on the way workers approach them. Production teams of about eight workers each meet 15 minutes before and after their shift every day to plan who will do what job and talk about production problems with their "team leader"—their supervisor.

When salesmen come peddling new equipment, the management sends them to workers on the team who decide whether the gadgets will do the job. "I talked with one salesman who had an awful time," said Michael Brimm, a Harvard Business School student who worked in the plant for six months. "His boss couldn't believe he was talking only with the *workers*." But perhaps even more important, the teams bring workers closer together and exert pressure on members who aren't working hard with the group. "People are incredibly

Donnelly Mirror: Team Players

"We don't have a union because we don't need a union," said Michael Nienhuis, sitting on his forklift at Donnelly Mirror Corporation in Holland, Michigan. "Unions got started to protect workers from a management they don't trust. But what do I need protection from here? I've got good pay in ideal working conditions. I'm in charge of my own job—and I have an influence in the rest of the company."

Donnelly Mirrors has created its own brand of "selective participative management" over the last 20 years, long before "humanization of work" was coined. "The fundamental concept in this place is that every person is creative," said Vice President Dick Arthur. "Either you get their creativity on your side, or it will work against you." The 400 employees are all divided into "production teams" of about 10 workers each, whom supervisers call together monthly, to chat about production problems. "Last time we met at a restaurant down the road for a prime rib dinner, on Donnelly," Nienhuis said. Arthur and his staff below him, whom he carefully trains, try to encourage production workers to try new and better methods. "We did it just this morning," Neinhuis, a three-year veteran here, told me—he sat down with a supervisor and stock comptroller, at his request, and figured out a way to redesign the boring jobs in the stockroom. "In a month from now we'll sit down and see if this is the way we want it. If we don't like it, we'll change it again. That's the way things are done around here—no diagrams, no blueprints. We try it." If workers can figure out a way to abolish their own jobs, Donnelly guarantees they'll have other work to do. Three workers just automated themselves out of a job recently when they suggested the company could do their work with a new machine. They've gone elsewhere in the plant.

Donnelly has built in a system which, the company hopes, guarantees the workers will put their creativity on the company's side: workers take home 40 per cent of all the profits. The more money they make for the corporation, the more money they get; David Wheeler, who lifts mirrors off a conveyor and clips them two at a time on a forklift, estimates he made $1,500 in bonuses last year. But more unorthodox, all the production workers are salaried—and they help

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open with one another," Brimm said. "I sat through a few meetings in which members felt a few workers were loafing. One guy was on the verge of tears. . . . They worked through that issue."

'Who the Hell Will We Fight?'

To most businessmen, all this is radical stuff. The norm in business is so rigid that even the most minute changes simulate a revolution. "I hope I don't sound like a radical," worried Chester Gray, the pin-striped and short-cropped commercial services manager for Washington, D. C. area Bell, after telling me about his "job enrichment" innovations, which include letting his employees cut off service to delinquent customers on their own initiative and take company files home at night.

Humanization of work advocates have faced enormous resistance in the corporate community as they try to market their more imaginative theories. Executives have always exercised complete prerogative over the way work is set up and the way workers perform it, and they fear that any change will threaten their authority. Corporations traditionally do things by fragmenting work and rationalizing it to its smallest components, so management can plug workers in and out like transistors in a radio. Once the workers are given responsibility for a special area of work, they're no longer so easy to replace.

As the workers take over more and more of the small responsibilities the management used to exercise, middle managers feel their own limited powers sapped. Imagine the supervisor in an AT&T operators' office: struggled hard, worked for the company maybe 10 years, and now at the height of power, tells operators when they may or may not go to the bathroom, taps their lines to judge their performance, and records their every minute's absence. Suddenly, Work Itself comes and those powers vanish.

It's easy to understand management resistance. But *unions* are also resisting work redesign—perplexing and frustrating the humanization of work advocates. Here are social scientists promoting a movement designed to free workers—psychologically speaking, anyway—and they find the unions blocking the path.

Labor leaders have forever been wary of programs which somehow blur the distinction between management and workers, apparently even if it means nothing more than workers deciding when to take their breaks instead of depending on supervisors to

decide how much money they'll be paid each year. "All of us sit around a circle and every one of us has to propose a wage package and explain how we think we should get it—in cash, or benefits—and then justify how we'll pay for it," said Wheeler. If they can figure out a way to boost their salaries—through increased production or more sales contracts, for example—the company will do it. This year the company agreed to give everyone a 6 to 7 percent pay increase, which will require a $560,000 cost reduction. In 1970 and 1971, they boosted their salaries 10 per cent.

The ultimate drawback to Donnelly's system, for the workers anyway, is that "Lately," Arthur said ruefully, "supervisors have been getting smug and have been slacking off, not calling meetings." The workers' spirit has suffered as a result. Arthur stressed that "a worker cannot do whatever he wants—I never lose my decision-making power as a leader." He also made clear that "There's nothing we do here that's not designed to make more profits. . . . It's important to me that you understand what I'm saying," he said, "because otherwise you'll think I'm a Communist."

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tell them. This view was outlined for me by UAW committeeman Red Campbell from GM's Truck and Coach plant. First he complained that GM doesn't know what it's doing and is botching up the mobile home plant; but when I asked him whether workers should assume more managerial responsibilities in running the plant he became indignant. "We don't want a goddamn thing to do with management," he said. "If we're taking part in management, who the hell will we be fighting against? We don't want to be part of management's job. Our job is to see they do their job right."

Union leaders fear job redesign which increases worker power partly because they *don't want* the workers to have more power. The unions see threats to their own power in the humanization of work movement, or any movement which expands worker autonomy, just as their management counterparts do. If workers can make decisions at work they may also more actively question union policy. If they can replace management functions, why not replace functions of the union leaders? The rebellious mood among young workers which is shaking factories is also shaking the union structure. When the UAW leadership ordered the Lordstown locals not to strike, the young workers told the leadership, in effect, to go to hell. Their wildcat strike shut down the plant and made headlines in national media for months. In some companies which have made work conditions more tolerable the workers don't want any union at all. "We don't need a union," Michael Nienhuis of Donnelly Mirror told me.

"I'm in charge of my own job and I have an influence in the rest of the company." As far as the workers can see, management is doing something to make work more tolerable, while the unions just haven't delivered.

Exploring Foreign Territory

Unions are failing their memberships because they've settled into a rut. Management decides what to produce and how to produce it and whom to hire to produce it, and the unions fight for tangible rewards—pay, leave, financial benefits—in return. But humanizing the working place demands some new kinds of goals—autonomy, responsibility, a say in production methods. But this is foreign territory, and the unions don't feel comfortable traveling in it.

They don't know what to do about humanizing work, largely because they haven't spent much time or energy trying to figure it out. UAW President Bluestone travels to work conferences around the country saying generally positive things about the movement, but it's mostly talk. He told me the union has no committee, no ongoing project keeping tabs on the work redesign experiments in the auto industry. The UAW and a few other unions will raise the humanization of work issue at negotiations this year, but they're doing it reluctantly, and then only because management is forcing them to play their hand. "If General Motors wants to experiment, we have to be a part of that experment," said a top UAW official. "We don't want them going over our heads and violating workers."

"The humanization of work proposals we bring in to the negotiating table won't be for team-building autos like Volvo or any of that kind of crap," a high UAW official told me. "We'll come in with demands the workers understand—like improved disciplinary and grievance systems, safer and healthier environment, better lighting, and more time off. Humanization as the social scientists see it," he said, "is irrelevant to this set of negotiations."

The unions have some sound instincts which make them leery of humanization of work programs—management can use them to co-opt workers—but they're following these instincts in the wrong direction. If the union leaders are really concerned about the well-being and security of

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their members, they should be plunging into the humanization issue, hashing out a sound strategy with the workers, and negotiating hard with management. That's the only way humanizing work can deliver worker benefits. Instead, the unions are condemning the movement and retreating from it like ostriches with their heads in the sand. By abandoning the workers, the unions guarantee precisely the result they say they fear—that management will manipulate it for its own gains.

Safe ,Gentle, Works Overnight. . . .

While corporations have been forced to pacify their workers, to reduce absenteeism, high turnover, and sabotage, they have been feeling the pressure of foreign competition. And so the real dilemma, the Research Institute of America explains to executives, "is the need to push for higher productivity at a time when employees are waking up to a new feeling about themselves." Humanizing work has provided an answer. In the Productivity Commission's *Quality of Work* brochure, you won't see any mention of employee satisfaction for its own sake—but the brochure, which is sent to corporate executives, does promise that work redesign will bring "increased employee motivation and allegiance to union and company," the benefits of "decreased work place costs," and "improved utilization of human and technological resources."

"The key to the quality of work program," according to Edgar Mills, the director of the Productivity Commission, "is its principal national objective. . . measurably increasing American productivity, achieved not through speed-up but through new personal employee motivation."

Industry's temptation, as the unions say, is to buy a palliative which will expand sales and profits first and soothe production workers second. Private consulting firms peddle humanization of work plans like laxa-

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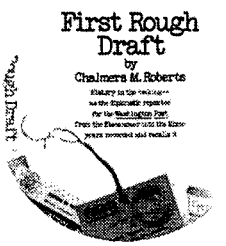

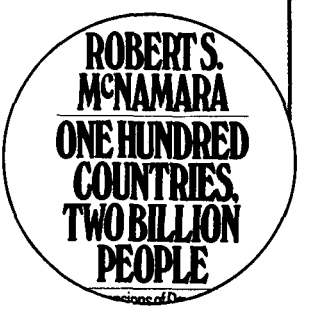

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General Motors: Renaissance Ma

Under the sprawling smokestack forest of the General Motors Truck and Coach Division in Pontiac, Michigan, GM is trying to abolish the infamous assembly line. Since GM started producing its new mobile home model last October, teams of four workers each have been assembling the chassis and body from start to finish. GM boasts about the experiment in advertisements but shrouds the actual project in secrecy—the manager refused to let me in, so I took off my tie, rolled up my shirt sleeves, donned some safety glasses to disguise myself as a worker, and walked in.

Each team follows a chassis as it glides, hanging overhead from a horseshoe-shaped track; by the end of the track the chassis is finished, and the body, team-assembled in the same manner on the second floor, drops down and the two halves are joined. As work teams walk alongside either the moving chassis or body, they take parts from bins placed alongside the line. Each worker in a team is supposed to learn every task. This way, GM's theory goes, they'll have varied and interesting work, learn and grow, and share the camaraderie of a team—and stop quitting and taking time off, which costs the company at least $79 million a year.

But so far, workers told me, GM's half-hearted attempt to "humanize" the plant is a flop. GM engineers never consulted with workers about the plant's design—and as a result, the moving assembly system doesn't work. Through sheer stupidity, for example, engineers have placed myriad bins full of nuts and bolts next to each other, and assemblers can't tell them apart. Workers have suggested logical solutions—like color-coding the parts—but the management never listens. "Hell, those office engineers think they know how to build this. Well, I've been working here 20 years," a stockman said. The plant has made 300 emergency engineering changes in four months.

GM rushed workers into the new method, which requires each person to perform at least 60 different

tives—take a spoonful when your system isn't working as it should. Roy Walters and Associates, a booming New York management consulting firm packages a "job enrichment model" specially for banks and insurance firms: "Works relatively quickly," the ads boast, "not so long as to try the patience of management."

This slick, manipulative approach is precisely what many corporations like AT&T have engineered for their pathetically grateful employees today. I didn't talk with the operators myself—Chesapeake and Potomac Bell officials refused to let me—but they played some recorded, company-made interviews prepared for humanization of work conferences as testimony of their company's success. The employees' almost desperate gratitude for Work Itself comes over strong. "I don't know what the reason was for setting us up here," one said. "It was an honor to be put here—and I wouldn't want to be put downstairs again."

The small freedoms and decision-making powers that companies like AT&T have granted do make work more bearable, but only because it was so unbearable before. "It's all relative," said Charles Pfautz, the Bell manager who brought Work Itself to Northern Virginia. "An operator's job is more meaningful than it was, but it's still pretty awful."

Some corporations, it's true, have managed to restructure their jobs to make working there relatively pleas-

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assembly operations instead of just one, in assembly-line tradition, without any training. The workers don't feel they've had time to adjust; the demands of profit prohibit that. "In February the manager told us 'The dealers are screaming. We've sold 7,000 already and we've built only 50,' " said one of the production workers. "That's when they put the pressure on and the team concept fell apart." Foremen never meet with workers to discuss problems. Workers seem as frustrated as ever. Production is creeping at a snail's pace—I saw the "Today's Production" chart list "Scheduled: 20" and "Completed: 0." Quality, said one inspector, is awful. "We haven't been able to sell a goddamn job right off the line yet, without having to repair it," he said. "Some are so bad that we had to strip them down."

Still, with all the problems, some workers prefer this plant to any of the others they've worked in—not because the teams make them happier, but because the building is airy and light.

ant. By convincing employees they have a stake in the business, bringing into their confidence and by giving them responsibilities which managers used to have, these companies have created a climate in which workers begin to think and act like management. Workers at Corning labor overtime not so much to get the time and a half, one woman told me, as because "we know what our production schedules are—and we know that we have to produce." The employees have the "freedom" to make changes in their work methods, if the changes increase the efficiency. "Workers can make their own decisions, as long as they make the decision management would have made for them," said a former employee of the Topeka plant.

The new loyalty and sense of ownership the workers feel toward their jobs which spurs them to work harder and better is ultimately a massive deception. The companies are not the workers' companies, the products are not their products, the jobs are not their jobs—and for every extra boost in production someone else is raking off the profits. Increased satisfaction on the job is important, but it's not enough; to be equitable, as a start, the corporations must share with the workers whatever extra profits their labors bring. Donnelly Mirror (see box, page 84) has a profit-sharing plan, one of the best in the country, but even then there's no question who gets the greatest benefits: "Understand that we do nothing here that's not designed to maximize our profits," Vice President Dick Arthur told me. "For every four cents profit we give the workers, we keep six cents."

Beyond Toilet Democracy

You can judge the limited scope of even the best humanization of work projects by looking at some other companies in the United States—which the workers literally own and control. I visited three such companies in the Northwest, plywood companies which each make up to $30 million per year in sales. The workers own the plants, elect boards of directors from among fellow workers, and vote on all company policy from major financial investments to setting their own salaries (see box, page 90).

Many union leaders have been insisting all along that the work redesign issue has been a false one from the beginning—a creation of the intellectuals which the workers have never asked for and may not even want. Money is what counts. If the management really wants a happy work force, let them put their money where their mouth is and hand over some of the profits.

"I've been going around to all the Chrysler plants," UAW Vice President Doug Fraser told me. "We have

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110,000 workers, and at all the locals I've visited not one worker raised the [humanization of work] problem with me—I mean not one single worker has come up to me and said, 'Why don't we do this work differently?' " James Wright, director of the the New Unionists of the Movement for Economic Justice in Washington, D. C., said, "If you walked into the factory and asked workers 'What do you want to change around here?' I'm sure redesigning jobs is not going to be one of the first things they'll tell you."

Wright makes an important point: factory workers still confront the problem of day-to-day survival. At least 14,000 people die on the job each year, and perhaps 100,000 more die from "occupationally-caused diseases." In GM's assembly plant in Baltimore job redesign could hardly make a difference: after two hours I became violently headachy and nauseated from the noise and fumes.

But it doesn't make any sense to pit physical security against psychological security and weigh which is more important. That's not the point. The one issue that takes both into account and goes beyond is the question of who controls the safety policies and work redesign programs. Workers now exert no control over

The Plywood Companies: Worki

The 270 employees at Puget Sound Plywood Corporation have never heard of "humanization of work" or socio-technical systems—but they enjoy their work. They own their company and control it. "It's pretty much like working for yourself," said Rudy Anderson, a member of the board of directors who patches holes in the veneer. "The more effort you put into it, the more you'll get out of it. I've worked at seven companies where you're only interested in getting in your eight hours and taking home the check. But here it's altogether different from a private company. We have considerably more interest. It's *our* money that's involved."

Puget Sound is one of several dozen plywood companies in the Northwest that workers took over 20 to 30 years ago when the private owners were going bankrupt. Despite the competition from the giants like Weyerhaeuser, firms like Puget Sound are doing well—$25 million a year in sales. Every worker-owner owns one share (to join the company now, you've got to pay $23,000—10 per cent down and the remainder over 10 years) and gets one vote. All the shareholders elect a nine-person board of directors each year from workers in the plant; the board elects a general manager who runs the day-to-day operations of the plant.

But it's the factory workers who run these companies. The general manager can't make any substantial expenditures—over $10,000—without asking the board of directors to vote. The board can't approve any expenditures over $25,000 without asking the full membership to vote. Last fall, the workers voted to buy a $50,000 system which would recycle water rather than dump it in the bay—but only after the machine committee, workers from the plant, did some research, and some traveling, and recommended the system they liked.

The fear of authority which pervades the shop floor in most companies doesn't exist here—because the workers are the authorities. "After a board meeting we go back to the plant and we're just another one of the boys," said board member Vern Wolfe at Hoquiam Plywood.

The workers toiled hard here,

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either. They get what the management can be made to give them.

If the work force—and the unions—are going to turn the humanization of work movement to their benefit, they must develop a long-range strategy rather than stumble on work redesign as managements arbitrarily present experiments. "When real change happens, it doesn't happen by someone else's design," argued James Wright. "When we talk about quality of work, well, whose work are we talking about? Workers'. Change on the job has got to begin on the bottom."

One effect of the corporate stranglehold is that employees—and management too—cannot conceive that the system could be any different.

Doug Fraser at the UAW, for example, can't imagine that the auto industry will ever assemble cars in a team—a method which both SAAB and Volvo in Sweden use to break the monotony and isolation of auto factories. In Sweden, cars roll off the line considerably slower than in American plants. "How the hell are we going to produce 60 cars an hour on a team?" Fraser asked. He begs the real question: who says we need to produce 60 cars an hour (101.6 at the Lordstown plant)? Who decided we needed to produce 9.3 million automobiles in America last year? It's a matter of priorities.

The answer to these questions transcends technological issues and becomes fundamental politics. The auto industries could produce cars by teams if it wanted—its decision to reject that route is governed strictly by far-reaching political and economic choice.

What the unions do with the humanization of work movement will largely determine whether the movement starts breaking down the work dictatorships which govern 82 million Americans each day—whether a workers' democracy will be built or whether the movement fizzles and brings what the Swedes call "toilet democracy"—AT&T at its very best.

If production workers begin to realize the system can work differently, and a workers' control strategy evolves, workers could negotiate for the right to decide on work redesign, and next for the right to exert controls over company safety policies. Workers can organize to gain influence over hiring and firing policies—without this even the most dramatic changes in humanized plants look ultimately meaningless. Work schedules, shifts, overtime, shutdowns—all these are issues which profoundly affect people's life at work. Unless the humanization of work movement encompasses these issues, too, it will all amount to very little. ■

Yourself

because whatever profits they make are theirs to keep. The board of directors sets an hourly "advance" on the profits—about $5.50 per hour—and then divides up the surplus at the end of the year in equal slices.

Every worker-owner makes exactly the same—from the supervisor to the janitor.

The cooperatives are not a perfect system. The entry fee virtually blocks poor people who can't scrape together $2,300 in cash, and it severely drains the monthly take-home pay of the workers who do buy a share.

But the cooperatives have gone further toward building a worker democracy than most companies in this country—and the ultimate testimony came from the hired general managers who complained that working for the workers has tied their hands. "In a private corporation, you can tell a worker what to do and that's how it's done," said Hoquiam general manager Peter Majar. "But here, the workers all have a say. I always have to consider that a guy I'm talking to may be on the board of directors next year."

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political book notes

Public affairs books to be published in July and August.

Amazing Grace: With Charles Evers in Mississippi. Jason Berry. Saturday Review, $8.95.

The American Condition. Richard N. Goodwin. Doubleday, $10.

America's Great Depression. Murray Rothbard. Nash, $10, $4.

Architecture for the Poor. Hassan Fathy. Univ. of Chicago, $10.95. Written by an Egyptian architect, this book is a fascinating plan for the rural poor to build housing with the materials they have available. The author takes into account social and aesthetic as well as economic conerns. His radical concept is beautifully illustrated with over 100 pictures, including floor plans and actual building processes.

The Newsmongers: Journalism in the Life of the Nation. Robert A. Rutland. Dial, $12.50.

The Numbers Game. Harry Hopkins. Little, Brown, $7.95.

The People's Lawyers. Marlise James. Holt, Rinehart & Winston, $7.95.

Major Tax Reform: Urgent Necessity or Not? Henry S. Reuss, Charls E. Walker. American Enterprise Institute, $5.75.

Federal Housing Subsidies: How Are They Working? Anthony Downs. Lexington, $9.50. In light of its suspect sponsorship (National Association of Home Builders, National Association of Mutual Savings Banks, United States Saving and Loan League), this is a surprisingly useful study.

Congressional Control of Federal Spending. Robert Ash Wallace. Wayne State, $3.95.

Corporate Power and Social Responsibility: A Blueprint for the Future. Neil H. Jacoby. Macmillan, $10. The author rests his conclusion—the profit motive is compatible with social responsibility—on such principles as these: defense industries have little influence on the size of the military budget; federal regulatory agencies do not become captives of business interests; and industrial concentration has not increased since World War II. At least it's consistent.

The Dance of Legislation. Eric Redman. Simon & Schuster, $7.95. In deciding to write a first-person narrative of how a health bill made it though Congress, the author ran serious risks of falling into the "and then I told the President" school of history. In fact, the book is elegantly written and absorbingly candid about how things work on Capitol Hill. The author does not draw conclusions from his evidence—for example, the squabble over which Senator's name would go first on a list of co-sponsors, an incident which cries for some comment on the vanity involved—but in most cases the facts are enough.

Getting People to Read: Volunteer Programs That Work. Carl Smith & Leo Fay. Delacorte, $7.95.

The Great Reversals: Tales of the Supreme Court. Morris L. Ernst. McKay, $7.95.

The Briar Patch: The People of the State of New York v. Lumumba Shakur, et. al. Murray Kempton. Dutton, $7.95. In less accomplished hands, the trial of 13 New York City Black Panthers would have been grist for another tract about the "repressive society" in which we live. But Kempton is after far more elusive themes, weaving a narrative filled with unpredictable insights: "The relationship between black defendants and white jurors may be the only example of protracted integrated living this society has developed." While appalled at the prosecution, Kempton does not exalt the defendants, whom he sees as more pathetic than militant.

Leading Issues in International Economic Policy. C. Fred Bergsten, William G. Tyler, eds. Lexington, $12.50.

Liberal America and the Third World: Political Development Ideas in Foreign Aid and Social Science. Robert A. Packenham. Princeton, $15.

The Living Presidency. Emmet John Hughes. Coward, McCann, Geoghegan, $10. Sound but unsurprising observations about the White House by a former Eisenhower speechwriter.

Broad-Based Taxes: New Options and Sources. Richard A. Musgrave, ed. Johns Hopkins, $10, $3.

Can Congress Control Spending?. William Proxmire, Al Ullman, John Byrnes, Paul McCracken, Charles Schultze. American Enterprise Institute, $5.75.

Catch a Wave: A Case Study of Hawaii's New Politics. Tom Coffman. Univ. of Hawaii, $2.95.

Citibank: Ralph Nader's Study Group Report on First National City Bank. David Leinsdorf and Donald Etra. Grossman, $7.95.

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THE EAVESDROPPERS

By SAMUEL DASH

with Richard F. Schwartz and Robert E. Knowlton

(New Brunswick, N.J., 1959)

As chief counsel to the Ervin Committee, Samuel Dash is currently involved in the investigation of the Watergate break-in and bugging. Widely considered to be a foremost expert on wiretapping and bugging, Dash has lectured and written extensively about the "chilling effect" on free speech that wiretapping has had in America. In 1959 he revealed that Supreme Court Justices' telephones were wiretapped, and in that same year his pioneering study of wiretapping, *The Eavesdroppers*, was first published.

At a time when wiretapping and bugging present an ever-increasing menace to individual privacy and freedom of speech, *The Eavesdroppers* provides an invaluable examination of electronic eavesdropping—not only for "law-enforcement" purposes, but in political, business and labor conflicts as well. Based upon on-the-scene investigations and conversations with police chiefs, district attorneys, private detectives, wiretap experts, lawyers, judges, racketeers, and convicted wiretappers, the book describes prevailing policies and practices concerning wiretapping and bugging in this country, state and federal law supposedly regulating such practices, and the actual devices and techniques used.

An essential introduction to an unresolved question of growing concern.

$15.00

Available from your bookseller or directly from the publisher.

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Death at at Buffalo Creek. Tom Nugent. Norton, $5.95. Last year more than 100 people lost their lives when an ill-constructed coal company dam gave way in the heart of West Virginia's mining country. Nugent, who covered the story for the *Detroit Free-Press*, has given us a competent, but disappointingly one-dimensional, chronology of the tragedy. Almost half the book is devoted to repetitious recollections by survivors of the flood. What is lacking is a more than superficial picture of the Pittston Company whose policies clearly caused the death and destruction.

The Deceived Majority. Gordon Fellman. Transaction, $7.95. Using the Inner Belt highway controversy in Boston as a case study, this book is an important second step to the beginning made by Sennet and Cobb's *The Hidden Injuries of Class* in examining the role of social class in modern American society.

A Dialogue. James Baldwin, Nikki Giovanni. Lippincott, $4.95, $2.45.

Earth Talk: Independent Voices on the World Environment. Tom Artin. Grossman, $7.95.

Longtime Californ': A Documentary Study of an American Chinatown. Victor G. and Brett de Bary Nee. Pantheon, $10.A vivid picture of the painful existence the white man has forced on San Francisco's Chinese.

Everything a Woman Needs to Know to Get Paid What She's Worth. Caroline Bird. McKay, $8.95.

A City on the River. Roderick MacLeish. Dutton, $10.

Confessions of a Hope Fiend. Timothy Leary. Bantam, $1.95.

The Fleischmann Report on the Quality, Cost, and Financing of Elementary and Secondary Education in New York State—Volumes II and III. Viking, $12.50, $6.95.

The Fractured Family. Leontine Young. McGraw-Hill, $6.95. A too-emotional plea for a return to the family "as it once was"—warm, understanding, etc. The author never really gives evidence that such an institution ever existed, and she affects a "future shock" tone, pointing out the obvious and dwelling on it.

Political Strategies in Northern School Desegregation. David J. Kirby, T. Robert Harris, Robert L. Crain. Lexington, $13.50.

The Economics of Crime and Punishment. Simon Rottenberg, ed. American Enterprise Institute.

Politics in War: The Bases of Political Community in South Vietnam. Allan E. Goodman. Harvard, $12.50.

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How Full is Full Employment? And Other Essays on Interpreting the Unemployment Statistics. Geoffrey H. Moore. American Enterprise Institute, $2.

Hustling: Prostitution in Our Wide Open Society. Gail Sheehy, Delacorte, $7.95. Engrossing and profoundly depressing, this is one of the good things from *New York*.

I. F. Stone Reader. Neil Middleton, ed. Random House, $7.95.

The Rationale for NATO: European Collective Security—Past and Future. Morton A. Kaplan. American Enterprise Institute.

The Secret War Against Dope. Andrew Tully. Coward, McCann & Geoghegan, $7.95.

The Sovereign State of ITT. Anthony Sampson. Stein & Day, $10. Trying to place some of ITT's recent bad publicity into proper perspective, Sampson notes that the company owned a Nazi airplane factory, funded Himmler's Gestapo, and maintained networks of secret agents in Latin America and Eastern Europe. ITT insiders consider these scandals cheap advertising. "I want you to know that I'm having a lot of fun," President Harold Geneen recently confided to his fellow executives, "and I want you to have fun too."

The Subordinate Sex: A History of Attitudes Toward Women. Vern L. Bullough. Univ. of Illinois, $10.95.

Sue the B*ST*RDS: The Victim's Handbook. Douglas Matthews. Arbor House, $6.95, $2.95.

Vietnam Settlement: Why 1973, Not 1969? Morton A. Kaplan, Abram Chayes, G. Warren Nutter, Paul C. Warnke, John P. Roche, Clayton Fritchey. American Enterprise Institute, $5.75.

War and Rank Among Nations. Michael David Wallace. Lexinton, $11.50.

Ward 402. Ronald J. Glasser. Braziller, $6.95. The author of the very moving *365 Days* has written another gripping narrative of life in a hospital. This time the patients are children rather than soldiers and the enemy is not the Vietnam war but hospital bureaucracy and doctors' professional egos.

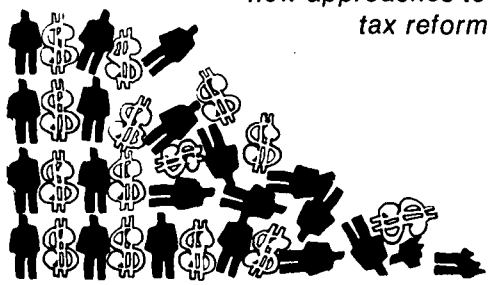
We Are Chicanos. Philip Ortega, ed.Washington Square, $1.25.

What Nixon is Doing: His Domestic and Foreign Policies and Their Impact on America. Alan Gartner, Colin Greer, Frank Riessman, eds. Harper Perennial Library, $1.25.

White-Collar Workers and the UAW. Carl Dean Snyder. Univ. of Illinois, $7.95.

Young Till We Die. Doris Jonas and David Jonas. Coward, McCann & Geoghegan, $6.95.

new approaches to tax reform



broad-based taxes

NEW OPTIONS & SOURCES

Edited by Richard A. Musgrave

Tax reform is a subject as hotly debated on the streetcorner as in the legislature. Yet little progress has been made toward reform since income tax became the major source of federal revenue in the 1940s. Increased revenue needs and the changing nature of fiscal federalism now make major reform imperative. Here leading tax experts discuss ways of better utilizing income, property, payroll, and use taxes; and means of developing new tax bases. Published with the Committee for Economic Development

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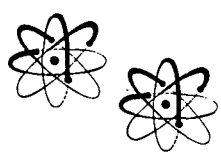

insuring against a nuclear accident

international safeguards & nuclear industry

Edited by Mason Willrich

Nuclear industries will soon begin processing enormous amounts of fissionable materials to fuel nuclear power plants. A distinguished group of lawyers, scientists, and social scientists here examines the safeguards developed through the Atomic Energy Agency and the nuclear non-proliferation treaty to ensure that such materials are not diverted from peaceful to warlike uses. Published under the auspices of The American Society of International Law $11.50

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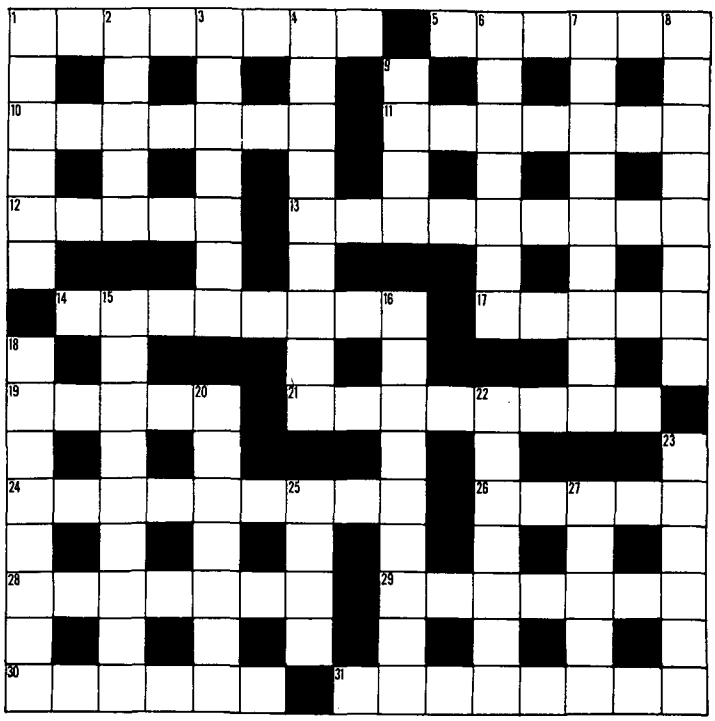
the political puzzle

by John Barclay



ACROSS

1 & 5. Reservation about him in Canadian mire. (8, 6)
10. Something puzzling about city creep. (7)
11. A place to rest among the termini. (7)
12. Back, not up, fool! (3, 2)
13. Meet where it centers. (9)
14. Chitchat about date kill. (4, 4)
17. Oiler gets to sea near St. Nazaire. (5)
19. In Japan, ice storms create terror. (5)
21. The end indeed is spelled out. (8)
24. New Yorker's Town. (4, 2, 3)
26. Sounds like intimate side of schismatic life. (5)
28. Makes the same to ease squat strain. (7)
29. Find Ian twice 500 feet from Wabash. (7)
30. Bring drums along! OK! Wham! (6)
31. To hoe creek bed will make you brave. (8)

DOWN

1. Agree to come with gloves, cap, etc. (6)
2. Go to Alexandria for Type G blood. (5)
3. Can it be serious how see and saw differ? (7)
4. Precedes Watergate prosecutor Cox. (9)
6. It's easy to be an ultra-feminist these days. (7)
7. He followed Jacob to the first tier, aisle two. (9)
8. Excuses even mean tort. (2, 6)
9. Pretty thin clue. (4)
15. Tells no joke to hung lad. (4, 5)
16. Coy now, watch it skin the cat. (9)
18. True maps show where Nile source is. (8)
20. Watch little company become brave. (7)
22. He must know all about sin ride. (7)
23. Belongings are stored in finest atelier. (6)
25. Goes with acid or high or L. A. (4)
27. Letter or lever. (5)

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word.

Answers to last month's puzzle are on page 46.

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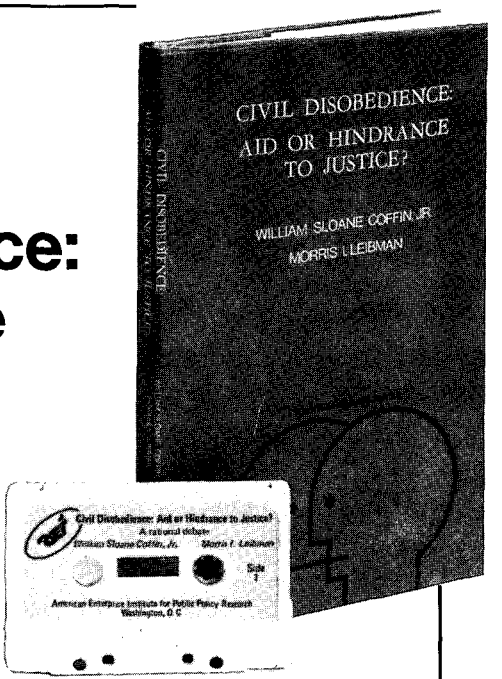
Civil Disobedience: Aid or Hindrance to Justice?



An absorbing rational debate with The Rev. Dr. William Sloane Coffin, Jr. and Morris I. Leibman

This rational debate is a clash of two fine minds. The Rev. Dr. Coffin, chaplain at Yale university, contends that civil disobedience thru the centuries has greatly aided justice. Mr. Leibman, a prominent attorney, is less enthusiastic. He argues that the American system provides the apparatus to further justice without reverting to violence and disobedience.

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What's behind the confusion in the White House?

George Reedy, former Press Secretary to LBJ and author of *Twilight of the Presidency*, concentrates in his new book on two central problems of the Presidency: the king-like isolation of the President and the pervasive belief in public relations. His analysis predates Watergate yet cuts so deep as to foreshadow it. As he puts it: "Power breeds isolation [which] leads to capricious use of power." The President's public appearances have been so artfully managed that no one can take them seriously; the President's establishment critics have been so in awe of his office that they cannot confront him. In conflicts with Congress, the President has tended to be indifferent to the fate of domestic programs, while in foreign affairs he has been virtually uncontrollable. Reedy shows how this state of affairs came about, beginning with the growth of Presidential power under FDR. No politically minded person should miss this important book which so clearly bares the realities behind today's headlines.

George Reedy

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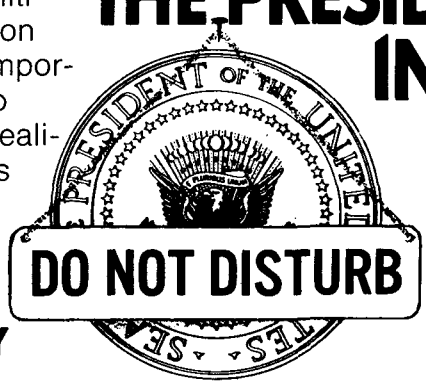

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